

over budget plans

Japan's opposition New Frontier party means to force a showdown with the ruling coalition today by blocking agreement on this year's budget, which includes an unpopular plan to use Y685bn (\$6.4bn) of public money to liquidate bankrupt housing loan companies – the *jusen*. The NFP is pushing for com-mercial banks, which founded the *jusen*, to bear a high share of any future losses. Page 18

Dole ahead again: Senator Bob Dole re-emerged as front-runner for the US Republican party's presidential nomination after winning the the South Carolina primary with 45 per cent of the Republican vote. Page 7



Turkish conservatives agree on coalition: Turkey's rival conservative parties agreed on a coalition, ending months of political stalemate and giving the country its first taste of a rotating premiership. Caretaker prime minister Tansu ller, head of the True Path party, struck the deal with Mesut Yilmaz (left) of the Motherland

Party, who will be premier first. Turkish politics was deadlocked after December's polls, when an Islamist party emerged as the largest group in parliament Page 18

iCi on acquisition trail: UK-based Imperial Chemical Industries is on the lookout for acquisitions, and the first deals are likely to be in Asia. Page 18

Banks pay premium: Nervousness about the weakness of Japan's financial system has led to Japanese banks paying steeper interest rates for borrowings than competitors with the same interna tional credit ratings. The premium ranges from three to 12 basis points, dealers say. Page 19

Complaint over Telefónica: British Telecom has complained to the competition authorities in Madrid about the behaviour of the Spanish state telecoms group. The UK company accuses Telefon-ica of using confidential information to hure customers of BT's joint Spanish venture with Banco Santander. Page 19

Fraud busters sock brighter image: Britain's Serious Fraud Office is considering using a public relations company to improve its image after a string of high-profile prosecutions ended with acquittals or mmor sentences. Page 8

the two main parties. 'ine rr Khmer Rouge guerrillas have defected to the govper cent of the vote compared ernment in a province near the Cambodian capital, with just under 35 per cent for army television reported. It said they had "volunthe Socialists led by Mr Felipe teered to come back to live in normal society" from Gonzalez, the outgoing prime their base in Kompong Speu province. minister. The PP appeared confident this gladesh protests continue: Prime would give it a sufficient margin minister Begum Khaleda Zia failed to appease her of seats in the 350-member conopponents with an offer to set up a "non-party" govgress to he able to govern ernment and call early elections. Instead there were securely on its own without seekmore street protests and demands for her resignaing support from regional parties. tion. Page 6 One exit poll gave the PP **Chechen bettie:** Russian troops fought a fierce battle with Chechen rebels after being ambushed in between 167 and 174 seats, just short of an outright majority. Another predicted 160-171, raising Sernovodsk village in the west of the breakaway region. The Russians have recently stepped up possible problems for the future efforts to disarm the rebels by force, leading to government. The Socialists were some of the worst fighting since the war began in December 1994. Moscow shows willingness, Page 2 shown losing between 24 and 35 of their previous 159 seats. Mr José Maria Aznar, the 43-Prison riots continue: Prisoners rioted for a fifth day in Greek jails and at least four guards year-old PP leader, had set a high nith day in Greek Jans and at least four guards were being held hostage. In the Agios Stephanos prison in Patras, where the riots began, inmates dis-played banners demanding earlier release, better target for the election, pinning his hopes on winning enough seats to form a single-party government. He wants to press living conditions and transfer to other prisons.

Japan's opposition Hamas blast wounds peace efforts

By Julian Ozanne in Jerusalem 19 die in repeated suicide bomb attack on Jerusalem bus The electoral chances of Israel's

Labour-led coalition government and the future of its Middle East peace effort suffered a potentially devastating blow yesterday after an Islamic suicide bomb blew calls for a suspension of the apart a Jerusalem bus, killing 19 peace process and for Israeli people and injuring 10. troops to re-enter Palestinian-

By David White in Madrid

the 13 years.

The bombing, on the same bus route and in the same street as a controlled areas. Mr Shimnn Peres, the prime bus blast a week ago, was the fourth attack in a week by the militant Hamas Islamic group. It minister whose 15-point opinion poll lead over Mr Benjamin Netanyabu, the opposition leader, was destroyed by last brought the seven-day death toll to at least 45. week's attacks, declared an

Spanish right

set for victory,

exit polls show

"all-out war" against Hamas. Mr The carnage in central Jerusalem provoked crisis in the gov-erament and sparked opposition Peres also resurrected the idea of physically separating Arab and

Jew. As the government began to realise its political future could become hostage to Hamas terrorism, it sought to reassure an anxious Israeli public by announcing a series of security measures, including \$100m to build fences between Israel and the self-ruled Palestinian territories.

Mr Peres, who was jeered at Palestinian society, responded the blast scene by rightwing youths chanting "Peres you're next in line", also piled pressure on Palestinian president Yassir Arafat to crack down on Hamas nr risk a suspension - even a reversal - of the peace process. Mr Arafat, fearful that a Labour defeat at the May 29 elections would spell an end to his

The move came after Mr Arafat last week arrested up to S00 Islamic activists and ordered condreams of a Palestinian state and undermine his fragile hold on

swiftly to Mr Peres's demands.

Hamas, sent armoured personnel

carriers to patrol the streets of

Gaza, and said he was banning

the military wings of Hamas and

other Palestinian groups opposed

to the peace process.

fiscation of all illegal firearms. But yesterday's attack proved that Hamas is capable of evading the jnint Israeli-Palestiniao

crackdown. In Gaza, Hamas leaders said He stroogly condemned the "terrorist" attack and lambasted yesterday's attack ended its revenge for the killing in January of Yahya Ayyash, its master bombmaker, which it blamed on Israel.

Hamas gave Mr Peres three months to respond to an offer of a ceasefire but warned it would

Cootinued on Page 18 Power of Hamas, Page 6

Australian winner warned by unions on pay claims By Nikki Tait in Sydney

Mr John Howard, whn swept to power as Australia's new prime minister in a general election on Saturday, was warned yesterday by the country's top mion leader that pay claims would rise under his conservative government.

Ms Jennie George, president of the Anstralian Council of Trade Unions, said that without the national wages accord which existed under the previous Labor government, workers would live by the rules of bargaining in the marketplace.

"The claims will be blgber than those currently in the marketplace." she added.

The challenge came as the Liberal-National coalition was savonring a victory which

ahead rapidly with economic lib-

Spain's centre-right Popular party won its first general election victory yesterday with a narrower advantage than expected over the Socialists according to early unofficial predictions. The Socialists had been in power for The PP greeted the result as "the start of a new era". How-ever, its parliamentary majority hung in the balance after exit polls broadcast by private and state television networks immediately after the close of voting showed a gap of between five and six percentage points between

threaticted to will 4

figure of 73 per cent.

the Franco dictatorship.

Popular party claims to have ousted Socialists but majority is in doubt

> eralisation measures and cuts in government spending. Financial markets had been

expecting the PP to take between 165-170 seats compared with 141 in the previous parliament. One trader said that if the PP failed to achieve a clear margin of victory there would be "a nasty sell-off". Stock and bond markets have strengthened in recent months in anticipation of a PP win. A new government is not due to take office until next month after the convening of the new parliament, probably on March 27, and after a statutory period of consultations.

The exit polls showed the Com-

its vote from 9.6 per cent to over

11 per cent, consolidating its pos-

tion as the third party but falling

short of expectations. The radical

Basque group Herri Batasuna,

linked to the illegal Eta organisa-

have been higher than the 1993

the Socialists since parliamen-

tary democracy was restored in

1977. It lost unexpectedly to the

Socialists three years ago, but

has aince taken control of most of

Spain's main city councils and 11

However, the Socialists

of its 17 self-governing regions.

The Spanish right has not won



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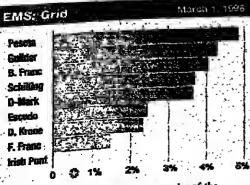
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Hassan promises change: Morocco's King Hassan said he would present plans for constitutional reform later in the year, including an amendment to change the parliamentary system. Cur-rently one third of the 333 deputies are picked by electoral college, a system the opposition says does not ensure proper representation. Page 6

Cricket World Cup: England lost for the third time in five matches when Pakistan beat them with seven wickets to spare. But they still qualified for a quarter-final against Sri Lanka next Saturday.

European Monetary System: The Danish krone and Portuguese escudo swapped places in the EMS grid last week as the spread between the strongest and weakest currencies narrowed slightly. The Bundesbank left German official interest rates on hold and fixed the repo rate at 3.3 per



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 225 per cent band.

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By John Ridding and John Kampfner in Hong Kong

cent for a further two weeks. Currencies, Page 29

UK after next year's handover to China. In what is likely to be the last visit by a British premier to Hong Kong before China resumes sovereignty. Mr Major pledged to stand up for the rights of its citizens beyond July 1997. "Even after that date, no one should imagine that Britain's interest in Hong Kong or its commitment to Hong Kong is suddenly going to disappear", he said.

1

Mr Major had come under fire from Hong Kong'a Democratic als visiting Hong Kong. party which accused him of betraying the colony and giving priority to developing Britain's trade interests with China.

Mr John Major, the British prime

minister, yesterday rebutted accusations that he was betray-

ing Hong Kong's interests and

appeared set to announce today

that the colony's citizens will be allowed visa-free access to the

be subjected to a review or time limit. Hong Kong governor Chris Mr Martin Lee, leader of the Patten, who has strongly advo-Democrats, denounced as "precated visa-free access in defiance posterous and offensive" Mr of criticism from rightwingers in Major's positive account of his Mr Major's cabinet, described the

abolich

port for the colony.

meeting last week with Mr Li Peng, China'a prime minister. issue as the "the single most important decision the British The Democrats, the largest government still has to make group in the colony's Legislative

sppeared to have achieved a sur-

prise victory in a regional contest

staged in Andalucia yesterday

According to exit polls, it

increased its lead over the PP.

towards Hong Kong". He said failure to allow visa-Conncil (Legco), argue that the British premier did not free access would constitute a "big thumbs down" for the terri-tory and would threaten the busitake a firm enough stance on safeguarding human rights in the ness flow between Britain and colony after the transfer of sovereignty, or on the fate of Legco, Hong Kong. This has no politi-cal downside whatsoever, and a which China has pledged to good deal of commercial benefit."

The governor described as "absurd" Mr Lee's criticisms and The issue of visa-free access has dominated local debate ahead said diplomatic disputes with of Mr Major's visit and is seen as China had not damaged trade an important test of British aupbetween the two countries. He said Beijing had to recognise that Britain's stance on the issue is expected to infinence decisions Britain would continue to have a by other governments, while failcommitment to Hong Kong for

ure to grant access could also the next 50 years. Mr Major also faced criticism prompt retaliatory steps from China, such as the imposition of in Britain, as the opposition visa requirements on UK nation-Labour party alleged he was seeking to raise funds for the Officials played down sugges Conservative party from Hong tions that visa-free access could Kong business leaders. He described such claims as "nonsense", and officials said the prime minister would not be fundraising during his visit.

Patten ponders return, Page 8

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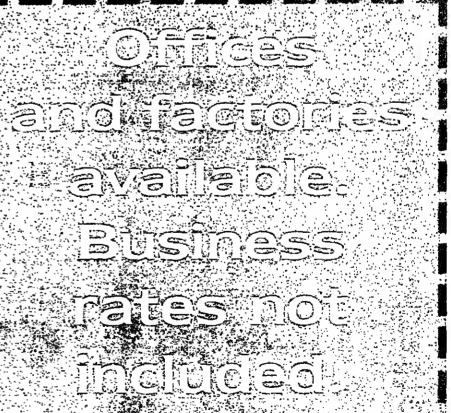
The PP's score, if confirmed, is Reflecting on public opinion: Opposition leader José María Aznar leaves a polling station in Madrid. His the highest by any party except Popular party claimed victory after exit polls showed it ahead of the Socialist party

ght it the lar parliamentary majority for two decades. The coalition has won at least

50 of the 148 seats in the House of Representatives, putting Labor ont of office after 13 consecutive years in power.

Labor appeared to hold abont 46 seats, with four independents also elected and a further eight seats yet to be determined. Before the election. Labor

Continued on Page 18 Promise of unity. Page 4 Editorial Comment, Page 17 Lex, Page 18



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enabling it to retain power over the regional government. Hong Kong citizens set to get visa-free access to UK

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EUROPEAN NEWS DIGEST

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Kohl to exploit opposition split

Chancellor Helmut Kohl's governing coalition is set to exploit a widening dispute between the environmentalist Greens and the opposition Social Democrats (SPD) over the future status of the Aussiedlers before three crucial state elections later this month. These are the tens of thousands of ethnic Germans in eastern Europe and the the former Soviet Union who are

constitutionally entitled to enter Germany without restriction The issue arose at the Greens' conference in Mainz at the weekend after Mr Oskar Lafontaine, SPD leader, said restrictions should be imposed on Aussiedlers entering Germany. He claimed it was irresponsible to admit such large numbers who immediately became unemployed. But the Greens, who are seeking closer links with the SPD to challenge Mr Kohl's coalition in the 1998 federal elections yesterday said the SPD leadership was playing a "shameful and cynical campaign" to win votes. Judy Dempsey, Berlin

French socialists in jobs plea

France's opposition Socialist party is suggesting a European "economic government" as a democratic counter-weight to a European central bank overseeing s planned single currency from 1999. The party's national council approved a document urging greater efforts to create jobs and solve social prohlems alongside moves towards economic and monetary union.

The document renewed the party's commitment to a planned single European currency from 1999, and proposed a European economic government under democratic control, with jurisdiction over the European central bank, and a precise definition of the levels of competence for economic policies. The text of the proposals will be debated ahead of planned ratification at a party congress on March 30 and 31. The meeting also accepted a suggestion hy former party leader Mr Henri Emannuelli to demand that the EU sets a minimum European wage. AFP. Paris

Hungary conservatives split

Hungary's conservative opposition party, the Hungarian Democratic Forum (MDF), seemed to be heading for a split yesterday following the election of a nationalist candidate as party leader at its annual congress. Deputy chairman Mr Sandor Lezsak defeated the more moderate parliamentary leader and former finance minister Mr Ivan Szabo in a two-horse race for party chairman.

in his victory speech Mr Leszak appealed for unity. However, following Mr Lezsak's win a number of supporters of Mr Szaho withdrew their candidacy for other top party posts. The MDF has been in difficulties since it was swept from power in spring 1994. But the MDF remains the largest party in a fragmented opposition to the governing coalition of the Socialist party and the Free Democrats. Reuter, Budapest

EU farm aid for new members may be cut

Farmers in central and eastern European countries admitted to the European Union should not be subsidised in the same way as farmers in existing member states, according to a draft report prepared by the Euro-

pean Commission The suggestion is based on studies of the economic impact EU farm aid would have on less-developed eastern and central European farm sectors. It concludes that compensation intro-

offset price cuts, would drive up land prices, damage rural development and create inflationary pressures in new member states.

The report underlines the need for further CAP reform ahead of enlargement and raises awkward questions about whether the BU intends to match payments from the CAP to new members. It cites the Commission's calculation that without CAP reform, compensation to new members would

Ecu9ba.

The report will also fuel the debate launched hy the Commission's strategy paper on agriculture and enlarge-ment produced st the end of last year. which pointed out compensation pay-ments might not be justified following accession because farmers might not experience any price cuts on joining the EU. It underlined the principle that the EU should not discriminate between old and new member states,

The latest report admits that the economic arguments against paying aid leaves unanswered the political question of how to defend the transfer of cash subsidies to farmers in the rich EU-15 countries, but not farmers in poorer central and eastern Europe. But it warns that applying "com-mon policies in unequal circumstances could produce different, not

common results" The findings appear in a draft

department on the economic consequences of extending CAP compense tion to 10 central and eastern Euro-pean countries - Poland, the Czech and Slovak republics, Hungary, Bulgaria, Romania, Latvia, Lithuania, Estonia and Slovenia

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The paper says compensation pay-ments could contribute to inflationary pressures as they would provide cash injections that would lift overall

Russia's future played out on steel plant floor

ost Russian school-children can still recite a Soviet poem about the Kuznetsk Steel Works, s massive Siherian steel mill that was one of the flagships of Stalin's ruthless industrialisation drive when it was built in the 1930s. More than six decades later the ageing behemoth is again at the centre of Russia's political and economic transformation.

Like thousands of other factories in provincial towns scross Russia, the mill is the snhject of s fierce dispute between private investors who have acquired a controlling stake, and Soviet era managers who refuse to surrender control.

Upcoming presidential elec-tions, which threaten to put a communist leader back in the Kremlin, have distracted atten-tion from this escalating struggle to run the Russian economy. But regardless of wbo wins the June presidential bal-lot, it is showdowns on the factory floor that are likely to determine the role of private ownership in Russia for decades to come. At the Kuznetsk Steel

Works, which employs 33,000, But the most intriguing twist tbe conflict worsened earlier in the fight for the steelworks

this month when, on the is the involvement of local strength of a court ruling in his favour, Mr Nikolai Fomin, political heavyweights. Mr Mikhail Kisliuk, governor of the Kemerovo region, where a former director of Kuznetsk who is allied with the sharethe plant is located, was holders, entered the factory appointed by Mr Boris Yeltsin, with a half-dozen armed police- and is one of the Russian presimen and occupied the general dent's staunchest allies. But

A dispute in Siberia has cast doubt on Yeltsin's market reforming

credentials. Chrystia Freeland reports

director's office. But the next day Mr Evgenii Braunshtein, the current manager who is fighting to keep out the private investors, returned with an even bigger contingent of local policemen and ejected Mr Fomin. Even then, the struggle was not quite over. Using the court decision that made him rightful general director of the steelworks, Mr Fomin acquired signing authority over the Kuz-

netsk bank accounts and cut off his rival's access to the money. Only after the personal intervention of the governor of the region did Mr Braunshtein reassert full financial control.

conflict over the Kuznetsk Steel Works: he would like at least a 10 per cent stake in the plant to revert to state ownership and to be administered at the regional level. "I would like the state to be

the guarantor. Our problems should be the government's problems and our bappiness should be the government's happiness," Mr Braunshtein

As further insurance against a takeover hy outside investors, Mr Braunshtein has also Mr Kisliuk is also Mr Brann-shtein's higgest hacker, and launched an aggressive effort hy the Kuznetsk Steel Works spprovingly quoted Stalin in a to buy back its own shares. To recent local television interhelp management in this campaign, Mr Braunshtein Is view about the dispute. Meanwhile, the private shareholders, who accuse Mr openly penalising factory workers, believed to own about **Kisliuk and Mr Braunshtein of** 30 per cent of the shares, who making a personal profit from sell their stock to outside the plant's lucrative metals investors

"It will lead to greater debts exports, have found an unlikely supporter in the fig-[the share huy-back campaign] hut we must do it to preserve the factory," Mr Braunshtein ure of Mr Aman Tuliev, a popular local politician who is number-two in the Communist explains.

The alliance of private investors still hopes it will succeed Sitting in his luxurious offices, which are guarded by eventually in asserting real policemen in hullet-proof vests control over the Knznetsk and monitored by a video cam-Steel Works, but the governera, Mr Braunshtein outlines ment's open support of the his strategy for resolving the communist directors has made

SIBERIA KAZAKHSTAN a Km 800) CHINA

local businessmen sceptical of Mr Yeltsin's support for private husiness in Russia.

"They are almost bankrupt, but at the same time they are huying up their own shares. That's not right and its not legal," says Mr Vslerii Pugachev, general director of Hermes-Metal-Invest, s local investment company which owns about 10 per cent of the steelworks.

"Kisliuk (the governor) has no right to interfere in the administration of s private company. If this continues we will descend to a point where rovo, that message is likely to be can just close down any fall on deaf ears.

enterprise he likes, down to the smallest klosk." Other local husinessmen say

the dispute st the Kuznetsk Steel Works threatens to dis-credit Mr Yeltsin's administration. While posing as a market reformer, they say, Mr Yeltsin in fact represents the interests of a corrupt, quasi-feudal elite. "Kemerovo is Russia's most industrialised region and it is the one which once supported Yeltsin the most," explains Mr Mikhail Zhivilo, the Moscow financier who has acquired control of a local aluminium smelter and is an ally of the private investors trying to take

"Now Kemerovo votes for communists. And wby? Because Kisliuk. Yeltsin's man, is a thief. Looking at Tuliev, I have to say the communists are much more honest."

As the race for the presidency heats up, Mr Yeltsin has tried to rally support from Russia's fledgling hourgeoisie by warning that the communists are bent on renationalisation and portraying himself as the only defender of private property. But, in regions like Keme-



Moscow shows willingness to meet Chechen leaders

By John Thornhill in Moscow

Gen Pavel Grachev, Russia's defence minister, is today expected to visit the breakaway region of Chechnya amid signs that Moscow may be willing to enter direct talks with rebel commanders in an attempt to end a bloody 15-

month conflict. In a television interview over the weekend Gen Grachev said he would be prepared to open talks with Gen Dzhokhar Dudayev, the Chechen leader who declared independence from Moscow in 1991, if that would belp end the fighting. Until now, Moscow bas refused to consider talks with Mr Dudayev, who has been branded a "bandit" by Russian leaders. The Kremlin's drastic reversal of policy highlights President Boris Yeltsin's desperation to end the war, between separatist forces and Russian troops which has claimed more than 30,000 lives and

undermined his chances of being re-elected. Several powerful Russian regional leaders, such as Mr Boris Nemtsov from Nizhny Novgorod and Mr Mintimer Shaimiev of Tatarstan, have linked their political support for Mr Yeltsin to a cessation of hostilities. A recent opinion poll in the Sevodnya newspaper suggested Chechnya would be the most important factor determining bow electors vote.

It is unclear how the two sides will find common ground for a lasting peace settlement, even assuming Mr Dudayev is willing to talk. Gen Grachev said any talks must be predicated upon Chechnya accepting it is part of the Rus-sian Federation. But some rebel Chechen lead-

over the steelworks.

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ers have said they will settle for nothing less than full independence. Fierce fighting continued to rage yesterday

around the village of Sernovodsk.

Weapons build-up adds urgency to Cyprus issue

Bruce Clark reports on the complex issues raised by the prospect of the island's accession to the EU

The Cyprus issue, the longest-running "regional problem" in Europe, is sgain forcing its way up the diplomatic agenda in Washington, London and Brussels.

A mixture of fear, expediency and prudence is refocusing minds on the Mediterranean island which has been split since 1974, when Turkey occupied its northern third after a short-lived coup by supporters of union with Greece. The fear is provoked hy a

steady increase in armaments on both sides, prompting the United Nations secretary general to describe Cyprus as one of the most heavily militarised areas of the world.

In the words of one western diplomat: "The arms build-up does not necessarily make a flare-up more likely, hut It means that the consequences of s clasb would be even more terrible." In Washington st least, interest in the island has been kept alive hy the demand of Greek-American lobhyists for the Clinton administration to tackle Cyprus with the same energy as it brought to Bosnia. Mr Richard Holhrooke

stepped down last month as US troubleshooter in the Balkans with a firm injunction to his successor that 1995 should be the year of Cyprus - and an assertion that Britain fully shared his impatience.

UK officials have politely distanced themselves from this upbeat view - but Mr Jeremy Greenstock, political director of the British Foreign Office, recently visited Athens, Ankara and Nicosia to assess the prospects for progress.

Britain's interest in Cypros stems from its rola as a guarantor power, and its two military bases on the island - and



Turkish-Cypriot leader Rauf Denktash, 72, is in intensive care after a heart attack yesterday. Doctors said his condition was stable.

more recently, from the looming prospect of the island's sccession to the European Union.

A 14-year-old Greek veto on developing Turkish links with the European Union was lifted last March under an elaborate compromise deal which committed Brussels to opening talks with Cyprus on EU accession.

These talks are to start within six months of the end of the inter-governmental conference on the EU, which starts in a few weeks.

The recent downturn in Turkish-Greek relations has brought home to Britain and other EU memhers the complexity of the issues raised hy their promise to Cyprus. When Greece insisted last

week on postponing payment of EU credits to Turkey - on grounds that Ankara was pick-French officials accused Athens of wrecking a delicate compromise.

But Britain found Itself alone when it blocked the efforts of the EU's Italian presidency to issue a statement which appeared to imply some questioning of EU promises to Turkey.

The EU has stopped carefully short of saying that it would not admit the Greek-Cypriot administration, which is internationally recognised as the island's government, unless there is an agreement on reunifying the island.

If any stipulation had been made, it would have given the Turks an effective veto over Cypriot sccession. But in the words of a senior British offi-cial, it would be "monumental folly" for the EU to admit

Cyprus withont a settlement. Mr Mustafa Ergun Olgun, a Turkish-Cypriot official who visited London last week as a Foreign Office guest, insisted that the prospect of EU mem-bership could and should be used to extract concessions from the Greek-Cypriots.

Diplomatic pressure on the Greeks to clear the way for a loosely-united island to join the EU could balance out the pressure which has long been felt hy the Turkish-Cypriots because of their economic isolation, he argued. For the Greeks, however, last

year's promise to admit the island to the EU was not dependent on any further concessions. The island's economy, they say, is so healthy it could join the fast stream towards European integration almost immediately. And if the EU insists on

hlocking Cypriot membership indefinitely, there is an awful prospect that Greece could block the EU's enlargement to the east - and paralyse European integration for good.

FINANCIAL TIMES MONDAY MARCH 4 1996 *

NEWS: EUROPE Turkish rivals now uneasy partners

powerful military will probably

keep up their pressure on the

two to work together, just as

they insisted that the two set

their personal rivalries aside and form a government to

exclude the Islamist Refah

Mr Yilmaz attempted to form

a coalition with Refah, which

emerged from last December's

elections as the largest party

in parliament, after twice fail-

ing to forge an alliance with

an opponent.

(Welfare) party from power.

Yilmaz and Ciller have buried the hatchet, but it may be only temporary, reports John Barham

he formation of a centre-right coalition govterday has finally ended two months' confusion and uncertainty, but political analysts and members of the business community remain unsure. abont the government's durability or effectiveness.

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Some fear that Mr Mesut Yilmaz, the new prime minister and head of the Motherland party, and Mrs Tansu Ciller, the ontgoing prime minister and leader of the rival True Path party (DYP), may simply have postponed, not aban-doned, their damaging struggle for control of 'Turkey's centreright electorate. The two leaders, who in the

past scarcely concealed their contempt for each other, have agreed to share the premiership. Mr Yilmaz will take over from Mrs Ciller for the rest of the year before handing power back to her for two years, after which be will again serve as premier.

However, Mr Yilmaz warned: "We know how difficult the conditions are in which we must work. Rotation [of the

THE FINANCIAL TIMES. Published by The Financial Times (Europe) GmbH, Nibetungenplatz 3, 60318 Frank-furt am Mann, Germany, Telephone ++49 69 156 850, Fax ++49 69 596 4481. Repre-sented in Frankfurt by J, Walter Brand, Wilhelm J, Brüssel, Colin A: Kennard, as Geschütstührer auch in London by David C.M. Bell, Chairman, and Aian C. Miller, Deputy Chairman, Shareholders of the Financial Times (Europe) Lud, London and F.T. (Germany Adversising) Lud, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SEI 94L. GERMANN:

GERMANY: GERMANY: Responsible for Advertising: Colin A. Ren-nard, Printer: Härriyet International GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg ISSN 0174 7363. Responsible Editor: Richard Lamber, co The Financial Times Limited, Number One Sonthwark Bridge, London SEI 9EL. FRANCE FRANCE:

FEANCE: Publishing Director: P. Maraviglis, 42 Rue La Boche, 75008 PARIS. Telephone (01) 5376, 8254, Fax. (01) 5376 8253, Primter: S.A. Noril Echsir, 15/21 Rue de Caire, 5-59100 Roobaix Cedei, L. Effoar, Richard, Lambert, ISSN 1148-2753, Commission Paritaine No 67803D, SWEDENE

SWEDENC Responsible Publisher: Hingh Onnegy 466 618 6083. Printer: AB Kvällstidningen Expresser, PO Boa. 6007, S-550 06, Jönlöping. O The Funneral Times Limited 1996. Editor: Richard Lambert, eto The Funneral Times Limited, Number One Southward, Bridge, London SEI 981. R

premiership] may add more difficulties to our work. To be successful, both parties have to act like two partners."

Negotiating a watertight agreement was not easy. One commentator close to Mr Yilmaz said: "The Motherland party was very careful in the negotiating process to prevent the other side playing tricks, but it is also trying to see how

it can trick [True Path]." Their partnership is inspired by the uneasy coalition between Israel's Labour and Likud partles, which rotated the premiership between them m 1980-84. Jerusalem even provided True Path and Motherland with copies of the Labour-Likud coalition document.

As well as being debilitated by internal rivalry, the coalition lacks a majority in parliament. Together they can mar-shal only 261 MPs, 15 short of a majority. Bargaining for support from the two centre-left parties that control 124 MPs could blunt the edge of the new government's planned free-market economic reforms

Still, the media, the business community and the politically

> **Red scarf hides uncertain future** By Andrew Jack in Paris

If one thing more than any other characterised the militants gathered for the 18th congress of Force Ouvrière, one of France's largest unions, which closed in Paris this weekend, it was the red scarf.

Hundreds of activists were conflict and protest. wearing the strip of cloth popularised in numerous images by Mr Marc Blondel, head of the union and one of the most important leaders of the demonstrations against the government's social security reforms at the end of last year.

Mr Blondel held court for admirers impressed by his performance during the strikes. Yet the national congress, held once every three years, was not as comfortable as it might have been. For the first time since the creation of the union in 1948, a secretary general.

security reforms. ried the day easily. While Mr Mairé knew his defeat was inevitable, he had hoped to win up to 30 per cent of the vote. In fact, he won just half that.

standing for re-election faced request meetings with President Jacques Chirac and the Mr Jacques Mairé, head of prime minister, Mr Alain the Paris regional branch. Juppé, to demand meaningful announced his candidature late social dialogue with the govlast year, accusing Mr Blondel ernment, and to focus on the of being in the control of Trotschallenge of unemployment. Even so, away from milikyist militants and leading the organisation in the direction of tants' triumpbalist standing ovations and the traditional chorus of the "Internationale"

coalition with Refah.

Equally embarrassing. Mr at the end of the congress, FO faces some serious challenges Blondel faced recent criticism from Mr André Bergeron, his well-respected predecessor as in the realignment of the bead of Force Ouvrière (FO) French trade union movement. from 1963 till 1989, who argued Internally, there are clearly that - unlike the union under tensions. Mr Blondel's activity its new leader - he supported report was approved by 78.10 per cent, down from 84.23 per cent in 1992. Lingering criti-'the French government's social In the event, Mr Blondel carcism of him remains from his handshake during the strikes with Mr Louis Viannet, head of

the rival CGT union. Some fear the development of stronger links between the Mr Blondel pledged to two organisations.

Still MPs from both sides have made little secret of their intention to continue fighting each other for control of the centre-right, which traditionally represents about half the electorate. Motherland bopes to dis-

Islamist Grand Unity party are

now the only real opposition in parliament, as the two social

democratic parties say they

will support the True Path-

If the new government does

carry out its promise to pusb

through wrenching economic

reforms, these policies could

hit the poor and state employ-

ees hard. Industrial wages are

already as low as £97 a month.

Motherland coalition.

alleged irregularities committed during Mrs Ciller's 32 months in power. Mrs Ciller's followers say Motherland, divided among conservatives, Islamist sympathisers and lib-

ences between the two parties are exaggerated. Hurriyet newspaper reported last week that they planned to merge by the end of the current parliament. Either Mr Yilmaz or Mrs Ciller would assume the presi-dency after President Süleyman Demirel's term ends in 2000 and the other would remain as prime minister. tion. Refah and the small pro-

EUROPEAN PRESS REVIEW Winning TV football bid raises scepticism

ITALY By John Simkins

Mr Vittorio Cecchi Gori has all the qualifications to make television shows in Italy, La Repubblica commented sourly on Friday. "A gigantic conflict of interests... a football team, sport and film TV rights, political protection and backing from the banks." The reference was to the owner of the Florence-based Fiorentina team when Mr Pippo Baudo, king of wbo also controis Telemonte-carlo and Videomusic - two TV variety and the San Remo song festival, said be might small TV channels with less desert "Mamma" Rai. than 5 per cent of the national "Suffocated by the maternalaudience. ism of a chairwoman who imprints ber style on the busi-

هكنامنالأجل

Mr Cecchi Gori bad just astounded the country and disness way beyond her prerogamayed football fans by wintive, the Rai has lost football ning the TV rights for Italian football, beating the state-conand Pippo Baudo in one blow." said La Stampa on Saturday. trolled Rai broadcasting organisation with his bid of L213bn for football fans, who face the (\$135m) for each of the next loss of beloved Rai programmes such as "Novantesthree years.

The centre-left La Repubimo Minuto" (Ninetieth minblica was also taking a sideute) and "La Domenica ways swipe at one of its arcb-Sportiva" (Sunday Sport), and demons, Mr Silvio Berlusconi, La Repubblica reported a poll which showed 80.9 per cent of the former prime minister and owner of AC Milan. As the those interviewed expressing paper said in a return to the doubt that Mr Cecchi Gori subject on Saturday, about the could do as good a job as the only thing which could make Rai. But the papers spotted even Mr Cecchi Gori jealous of Mr Berlusconi was that the latter's more serious implications. For

team was leading the first diviyears, said La Repubblica. there has been a need for a The papers were united in third TV axis to rival the Rai

Unfair, claims Berlusconi

The gloves came off in Italy's election campaign yesterday as supporters of the former premier, Mr Silvo Berlusconi. accused the current prime minister, Mr Lamberto Dini. of having unfair television access, AFP reports from Rome. President Oscar Luigi Scal-

faro meanwhile urged the competing coalitions to make credible commitments" with programmes "possible to carry out". Mr Berlusconi, media magnate and leader of the rightwing National Alliance, demanded that existing elec-

·· ·· .·

toral laws be changed to limit the amount of television airtime allocated to Mr Dini during the election campaign. The current law guaranteeing equal media access to can-

didates was put in place in 1994 to prevent the Berlusconi-led coalition gaining an unfair advantage - he owns three private television channels. At the time be protested vigorously against the law.

But when Mr Dini, the care-taker prime minister, said he did not intend to change the law for the current elections, forces".

the right wing reacted angrily. Under the law, political advertising is banned 30 days before the elections - scheduled for April 21 - and candidates are allocated equal air time. However Mr Berlusconi's party, Forza Italia, said regular government business, including Italy's current role as Pres-

ident of the European Union, was itself a form of advertis-

ing. Mr Dini said he would only change his position under pressure from "a great majority of

their scepticism of the football and Mr Berlusconi's Fininves league's choice of Mr Cecchi but given the financing douhts and Mr Cecchi Gori's conflicts Gori, because of doubts as to wbether his network could of interest - he is a senator cover the country and as to with the central Popular party - was this the right way to establish one? Mr Cecchi Gori how be would finance the bid. But they also poured scorn is seen as a backer of Mr Lamon the vanouished Rai, which berto Dini, the caretaker prime has not been permitted by the government to enter the minister who last week contropay-TV field either. Rai's chairversially launched bis own man, Ms Letizia Moratti, seen central party, Dini Italian as linked to the political right, Renewal suffered more humiliation "Cecchi Gori is today Berlus-

coni's rival but he has the same idea," said Gianfranco Piazzesi in the Corriere Della Sera yesterday. "He is convinced the successes of a football team and a TV network can push him on."

Mr Cecchi Gori has denied wishing to present "Telly-Dini" bot the Giannelli cartoon in the same Corriere edition envisages "The big centre" on The papers were concerned Telemontecarlo, with all the players in the centre of the pitch.

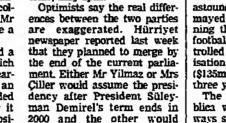
La Stampo yesterday reminded readers that Mr Cecchi Gori and Mr Dini were both Florentines. But it held out hope there might be extra time in the match between competing teams.

"The Romans, meanwhile, observe, chat and do their sums... With emperors, popes, kings and presidents. they have known for over 200 years that there is never an end to the story.

Rotating premiers: Ciller and Yilmaz shake hands veslerday men Mrs Ciller. However, Turkish erals, may split. media reported that Refah-

credit True Path by exposing Motherland alliance talks col-

lapsed after the army told Mr Yilmaz it would not tolerate a While many Turks beaved a sigh of relief that Refah, which seeks to transform a 73-yearold secular republic into an Islamic one, has been excluded from power they also fear it will grow stronger in opposi-



Externally, FO is also under

threat. Union membership in

the country continues to

decline, standing at below 10

per cent. In itself, this is not

necessarily a threat - French

unions have never had a tradi-

tion of mass membership, and,

as December's strikes show,

can still mobilise considerable

Yet the workforce is realign-

ing, and FO's traditional power

base in the public sector is

under threat. The latest works'

committee elections in work-

forces around the country also

seem to show FO losing ground

to the CGT, and to the CFDT,

It is no surprise that this

weekend Mr Blondel stressed

one of his top objectives was to

launch a recruiting drive in

the private sector. How suc-

cessful be will be is more open

the more moderate union.

support

to question.



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ONN TO EARTH SOLUTIONS

Dequssa

China to

permit

Îimited

trading

in the experiment.

China is to permit pilot

interbank foreign exchange

trading in four locations as a step towards currency convert-

ibility on the current account, writes Tony Walker in Beijing.

The centres, open to foreign banks and companies, will be established in the coastnl cities of Shanghai, Dalian and Shenzen. Eastern Jlangsn province will also be included

Regulations issued by the

People's Bank, China's central bank, mean foreign-funded institutions will be permitted

to trade foreign exchange at

designated banks without first

securing approval of the State Administration of Exchange

Control. Bnt foreign compa-

Bankers hope experimental

moves towards convertibility

will open the way for limited

dealings in local currency. Foreign banks hava been

urging the authorities to allow

them to conduct yuan husi-

ness. A representative of the

central bank said the aim of

forex

NEWS: ASIA-PACIFIC

Bangladesh's PM offers to step down

Bangladesh's three main opposi-

South Asia Correspondent

Mrs Khaleda Zla, Bangladesh's prime minister, yesterday moved to meet the central demands of opposition parties which hoycotted last month's elections hy offering to form a "non-party" government to hold a contested poli "in the shortest possible time".

Rowever, opposition activists immediately took to the streets of main cities to protest against the offer, which was made in a national

television broadcast. Police using teargas put down protests in Dhaka, the capital and Rajshahi, to the north. Opposition leaders offered no

immediate comment. Mrs Zia said she was prepared to stand down in favour of a neutral government for the purpose of hold-ing a contested poll to be supervised by the country's election commis-

the poll, she said.

tion parties, the Awami League, the Jatiya Party and the Jamaat-I-Ission. Management of state affairs would be handed over to the interim lami, boycotted and disrupted last mouth's general elections which they claimed were invalid. All three administration before and during have insisted the BNP was incapa-hle of holding a "free and fair" poll

The prime minister said a hill

would be introduced to parliament, now dominated hy her Bangladesh and that they would participate in change which her previous govern-elections only under a "neutral care- meut did not have a sufficient aker government". Violent clashes before, during and Nstionalist party after last month's opposition-boycotted poll, to enable the proposed election. "Let's all accept realities without causing fur-ther harm to the country," she said.

since the poll have claimed 30 lives and left hundreds injured. The oppo-sition has vowed to "close down" the country from March 9, seeking the resignation of Mrs Zia and demanding new elections under a neutral government within 90 days. Mrs Zia's address follows her claim before February's poll that she could not meet opposition demands withont a constitutional

majority to enact. With such a majority now in

place, Mrs Zia also said last night the government would also put her fresh proposals to a referendum. Earlier discussions between Mrs Zia and tha opposition over creating an interim government have previonsly foundered on detail, while having also resisted strenuons diplomacy from both Bangladesh's main aid donors and the Commonwealth.



Khaleda Zia: prepared to resign

Howard weighs into office with a promise of unity r John Howard, who became Australia's Nikki Tait looks at problems facing Australia's new government economic front. The coalition

25th prime minister on Saturday night, claimed his job with a promise to both unify the country and differentiate his government from that of the previous Labor administration

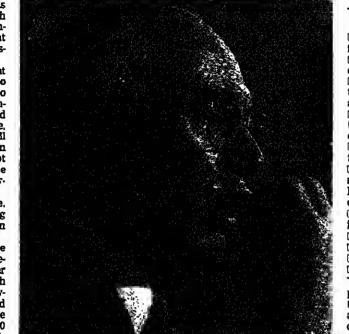
He talked of "a government not only for the people who voted for us, hut those who voted against us." He continued: "We have been elected with a very powerful mandate, and whilst I will seek at all times unity and a common point of view, we have not been elected to be just a pale imitation (of the outgoing government)".

Stirring as the words were, the harsb reality this morning is that achieving these twin objectives is going be tough.

Mr Howard bas a huge majority in the House of Representatives, parliament's lower house (and the one which determines who forms the government), The Liberals and their coalition partners, the National party, hold at least 90 seats out of 148, compared with Labor's 46. The majority could go as high as 52 when counting

is finally completed. But the precise strength of Mr Howard's mandate, and what it really covers, is more

questionable. The first set of caveats arise on the political front. While there was a big swing against Lahor of about 6.2 per cent (before allocation of preferences under Australia's trans-



John Howard: "We have a very powerful mandate"

ferable vote system), the swing to the coalition was more modest - about 2.2 per cent to the Liberals, and just over one per cent to the Nationals,

finance bills) must pass. Final Senate results will not be known for about a fortnight. More significantly, there was But the Democrats, a left-leanalso an appreciable swing to the Australian Democrats, one ing party with a strong social and environmental agenda, look likely to emerge with of the minor parties, in a concurrent election for about half eight seats, compared with THE MAIN POLICIES

C A\$1bn-worth of annual tax breaks for low- to middle-income families Tax or cash rebates for private health insurance, but Medi-

care to be retained with no increase in levy □ No further scrutiny of wage agreements by Industrial Bela-tions Commission, but a new Employment Advocate set up to advise workers. Wage agreements cannot fall below award levels

□ Tougher sanctions against secondary boycotts during indus-trial disputes; unfair dismissal laws to be changed to make it easier to sack employees C Easing of capital gains tax on small businesses and improved

tax treatment for employee share plans Banks to be able to sell superannuation products, and a

review of the financial sector to consider removing regulatory harriers between banks and non-banks. Bank mergers with life offices a possibility

O A third of Telstra telecoms company to be sold to private investors, with restrictions on foreign ownership

Public review of media cross-ownership rules

Amendments to simplify Native Tille Act

End to policy restricting uranium mining to three sites
 Negotiations to restart on trans-Tasman aviation market

perhaps one Green party senator and an independent, they are likely to retain the balance of power in the upper house. This could be difficult for Mr

Howard. The Democrats campaigned on an agenda which differed from the coalition's in many respects, and took as their slogan "Keep the bas-tards honest". Saturday's result appears to give them a mandate, too.

Senator Cheryl Kernot, the Democrats' leader, said yester-day she hoped to be able to work constructively with the new government. In the past,

economists helieve that Ausshe has also pledged not to thwart supply (that is, the bulk of a government's finance package). But Ms Kernot signalled that the Democrats' opposition to certain coalition. policies would not he easily shifted.

For example, the new government wants partially to privatise Telstra, the big telecommunications group, and fund a A\$1hn environment package only out of these proceeds. The Democrats reject both the sale

and the linkage.

mates today. The second set of problems for Mr Howard loom on the

campaign promises hy offset-ting revenue measures or won its mandate on a package expenditure cuts, making up of policies which were any-thing but radical. It pledged to this additional gap on top may retain key social services such not be easy. Mr Howard, more-over, has said very firmly that campaign commitments will as Medicare, the national health insurance programme, not be broken in pursuit of fisand also promised not to cal rectitude: "We will always increase taxes. It announced give preference to our prom-ises. No promises to individunew spending commitments of about A\$6.3hn (£3.1bn) (spread over the three-year parliamenals will be broken," be has tary term), with the big ticket

nies will be obliged to open a promised. single trading account in each Thirdly, the new prime mincity. The central hank will ister will have to contend with impose ceilings on funds the spectre of wage inflation. The Australian Council of Trade Unions (ACTU) has lodged in them. In Beijing, a foreign banker welcomed the new rules as warned that in the absence of a "another step" towards conwages accord betwean the vertibility, but said it was not unions and the coalition - a centrepiece of Lahor's strategy clear bow much latitude for-- market bargaining rules elgn banks and companies would be permitted. would apply.

Some employer groups dis-miss this as bluster, pointing out there will be pressure on the ACTU to act responsibly not least because its threats of industrial disruption during the campaign are thought to have enlarged the coalition's victory. But not everyone is optimistic. On Friday Mr Stuart Hornery, chairman of Lend Lease, the property and financial services group, warned it could he "a difficult industrial climate going forward" if the coalition won.

Despite the decisive outcome on Saturday night, Australia could thus face a nervous few months. Achleving anything close to unity will be a big and immediate test for an inexperienced ministerial team.

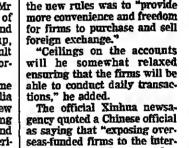
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Population 18m -

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seas-funded firms to the inter-bank foreign exchange market is the most important step China has taken so far to turn the renminhl into a completely convertible currency."

China has indicated it will make moves towards convertibility this year, hnt bankers are sceptical. They believe that It will take more time for China to put in place mechanisms to support such moves. • Cbina's exports during December fell about 7 per cent

period in 1994, indicating its

export surge may be slowing.

with the sar

the 76 seats in the Senate. seven previously. Along with Canberra's new boys on the block

Through parliament's upper house all legislation (including

By Nikkl Tait in Sydney

Liberal-National The coalition's sweeping victory on Saturday will mean a big change to the prominent faces

shadowing for two years. Mr Costello, a one-time student activist, comes from a middle-class, Baptist background in Victoria and comparisons have already been drawn

manner will be well suited - or sufficiently softened - to deal with a delicate situation in the Senate, parliament's upper house where the coalition will probably lack a majority.

A couple of ill-judged remarks and media blunders forced Mr Downer out of the leadership job. Since then, he has put in diligent and often effective performances.

But there is a hig concern

that any slips in the foreign

On the Labor side, changes will be no less significant. Paul Keating said on Saturday he would not recontest the Labor leadership position.

As a result, the party is

tralia's faces an underlying hudgetary deficit (excluding asset sale proceeds) of about A\$8bn in 1995-96. This equates to about 2 per cent of gross domestic product. Published forward estimates for 1996-97

are 10 months old, but there is a strong suspicion that the prospective deficit for the following financial year could lie tween AS2bn and A\$9bn. Mr Peter Costello, who will be federal treasurer, says he expects to see the latest Treasury esti-

items being rebates to encour-

age people to take out private

health insurance, and tax

hreaks for low to middle-in-

come families. The difficulty will be mesh-

ing the spending and tax con-

cession commitments made in

the campaign with a promise

to move Australia to a budget

surplus, an essential objective

if the country is to address its

The scale of the problem is a matter of hot debate. Most

chronic savings problem.

While the coalition claimed to have more than funded all

Australian election

RESULTS

in Canberra.

After 13 years in opposition, many of those who stand to take senior jobs are little known. Aside from Mr Howard himself, only one other coalition member has served as a federal minister.

Ooe persoo who does enjoy bigh recognition, despite the fact that he only entered federal parliament in 1990, is Mr Peter Costello.

was born

0800 262 958, quoting C FT N 4

unions over wages. It won him the everlasting enmity of the The 38-year-old deputy Lib-eral party leader has already labour movement. been promised the treasurer's The reservations are job, a position he has heen whether Mr Costello's bullying

We spend

all day

thinking

about

reproduction.

with the young Paul Keating Some detractors have also Like the outgoing prime minwondered whether there may ister, Mr Costello is a highly be more show than substance effective debater, capable both to this rising star; where, for example, within the Liberal of withering scorn and bom-Party's broad church, do his bastic eloquence. Mr Costello shot to national ideological allegiances really attention when, in an earlier life as a lawyer, he triumphed lie, and how deep is his mastery of the key economics portin the "Dollars Sweets" case -

a landmark ruling in which a If Mr Costello's fate is clear, small company took on the it is less certain what will happen to Mr Alexander Downer, who hriefly preceded Mr Howard as coalition leader and has been shadowing the foreign affairs portfolio.

affairs field could be highly damaging to Australian interests. Many seasoned Canberra hands believe that he will be offered either the defence or finance portfolio, leaving Sena-tor Robert Hill to take foreign affairs.

Senator Hill, a South Australian barrister who has been in parliament since 1981, has been the coalition's leader in the Senate. He has a much lower profile than Mr Downer, but wins points for reliability.

expected to raily around his existing deputy, Mr Kim Beaz-

Mr Beazley, a hurly, avuncular Western Australian, is likely to be a popular choice. A former Rhodes scholar, his intellect is respected and he has experience of a number of

Senior portfolios. Here, however, the big reservation has been whether Mr Beazley has the required steel to unite the party's various strands, and drive the agenda forward. Put simply, he is perhaps too nice.

iberal/Natio Liberals . Nationals Others

House of Representatives: 148 scats**

(1993 results in brackets)-

Labor party

"The outgoing house had 147 seats, but redistribution gives the new house 148

18

There is also a more immeand postal votes yet to be tal diate difficulty - namely lied. The final result may whether Mr Beazley retains his not be known for a week. Perth-based seat of Brand, One big loss is Mr Michael which was held only on a mar-gin of 3.7 per cent. By the end Lavarch, who at 34, won plan-dits all round for his handling of counting on Saturday, he of the attorney general's job. Lex, Page 18; Editorial Comwas about 100 votes ahead, but with some 3,000 pre-poll ment, Page 17

Europe and Asia in accord to

increase volume of exchanges

Chinese customs reported that exports in December totalled \$17.2hn, while imports were \$18.5bn, up 3 per cent on 1994. China recorded an overall \$16.7bn trade surplus last year compared with \$5.4bn in 1995, A surplus of \$5bn to \$6bn is forecast for this year. Total two-way trade in 1995 reached \$281bn, an increase of 18.6 per cent over the year before. Exports rose 23 per cent and imports 14 per cent.

compared

Europe will be 'sympathetic' on freer trade

By Peter Montagnon and Ted Bardacke in Bangkok

Mr Ryutaro Hashimoto, Japan's prime minister, called Europe will give "serious and sympathetic response" to sugon Europe to take concrete gestions from members of the Asia-Pacific Economic action But the Commission would Co-operation forum that it have to obtain the support of match Asia's trade liberalisamember states for such a step

tion with market opening meaand Sir Leon's response was sures of its own, Sir Leon Brit-We were on the defensive on trade, while they

were on the defensive on human rights'

also hedged with qualifica-tions. The EU was already tak-ing various actions, he said. "We are liberalising our

financial services, telecoms and other sectors, creating a single barrier-free market open to our Asian partners. This can be regarded itself as a response to the Apec challenge." Europe had also accelerated the tariff cuts to which it is committed under its Uruguay Round agreement and was considering an agreement on information technology with the US which would operate ou a multilateral, non-discriminawere on the defensive on buman rights," said one. Asian tory basis, he added. The pro-cess has to be halanced and it countries suggested at the would he "a spurious balance" summit that Europe might get a "free rida" from Apec's liberto move further without seeing

what Apec delivered.

B global flight plans will be strained by the volume of meetings and exchanges the world will witalisation unless it too moved to open its markets. On Friday ness over the next couple of years, after European and Asian leaders announced a long list of measures to follow up on their first-ever meeting in Bangkok. Senior trade officials will

meet in Brussels in July to prepare for December's World Trade Organisation (WTO) ministerial meeting in Singapore. Foreign ministers will meet in February 1997 to plan for the next Asia-Europe summit in the UK in 1998.

Economic ministers will meet in Japan, also in 1997. A government/private sector working group will meet in Thailand to draw up an "action plan" to foster greater flows of investment and trade between the two regions.

An Asia-Europe Business Forum will meet in France, to do the same

Thus the leaders claim that the meeting achieved what it set out to do: increase tha links between Europe and Asia in a way that marks a recognition by the former of the latter's growing importance, not only economically but also strategi-cally and politically in the post

Yet although the summit marked the start of a closer relationship, it did not set any specific goals. The leaders shied away from institutional-ising their new links and from setting any henchmarks for future success. Tha German chancellor, Mr Helmut Kohl.

Europe and Asia have agreed to huild a historic "trans-Asian" railroad running from Seoul through North Korea, China and Singapore, AFP reports from Seoul.

The railroad will run across the heavily fortified Korean border, Mr Kim said, adding that South Korea had already secured an understanding with China, Vietnam and Singapore.

"North Korea has yet to agree on this project, but I believe that's a matter of time," Mr Kim was quoted as saying. Joint construction of the proposed railroad would start "at an early date", along with the development of Mekong river areas, he

During the recent inangural summit of Asian and European countries in Bangkok, Mr Kim suggested that Asia and Enrope build an Information superhighway and transportation network linking the two continents.

said the next summit should reform of EU anti-dumping not engage in nitty-gritty nego-tiations, but "examine the procedures - as a reward for giving European businesses achievements of the follow access to our low-cost labour" in the words of Malaysian prime minister Dr Mahathir

Asian leaders appeared quite comfortable with this vague outcome. Thai prime minister Mr Banharn Silpa-archa said both the Asia Pacific Economic Mohamad - ware all but jected. Reported. Europe does not want to open its markets immediately but to discuss trade liberalisa-tion in the WTO this Decem-Co-operation (Apec) forum and the Association of Southeast Asian Nations (Asean) began in a similarly unstructured ber, said Mr Jacques Chirac, the French president. On the political and security way and "came to fruition over

side, "there did not seem to be so much interest in the Taiwan a period of time". But the cordiality of tha summit did not mask the wide differences that exist between Asia and Europe even on items where co-operation is supposed to be mutually beneficial. The European idea of a

multilateral code on foreign investment ran up against fierce opposition from many Aslan countries, particularly Indonesia, which are resolutely defending privileges accorded to domestic companies with political connections. kok enthusiastic about further

Similarly, Asian calls for spe-cial European tariff cuts and a collaboration, they said, hut

the UK prime minister, Mr John Major, kept a disappointingly low profile, partly because of his preoccupations (with Northern Ireland.

For several European leaders, a main challenge of Bangkok was how to handle the issue of human rights.

hey had to satisfy demands from home that human rights should be raised, without sparking a row which would undermine the summit. Having apparantly socceeded, they then praised their achieve ments in the cultural arena.

Both Mr Kohl and Mr Chirac went out of their way to congratulate Singapore's initia-tive, hacked up with a \$1m donation, to set up an Asia-Europe Foundation to promota academic and cultural links. An Asia-Europe University Programma will also be started, while studies on "ecostanted, while stunies on "eco-nomic synergy" will be carried out and youth exchange pro-grammes promoted. And Thai-land will be home to a new Asia-Europe Environmental Technology Centre.

To live up to their leaders' glowing rhetoric at the end of the meeting, Asia and Europe have to deliver tangihle benefits on trade, investment and security through a process that both sides want to keep infor-mal and spontaneous. How far they will succeed remains as uncertain as before the leaders congregated in Bangkok.

> Ted Bardacke and Peter Montagnon

- Argo

issue, Korea, or the Spratly Islands," said a senior Asian official. And even on seemingly trivial issues such as expanding the memhership of the meeting to India, Pakistan. Australia and Naw Zealand, there was a wide disagreement. Several Asian officials said that, though the Commission was anthuslastic ahont the meeting, the European leaders seemed hadly prepared. Mr Kohl and Mr Chirac left Bang-

tan, EU trade commissioner, But he made it clear that any action would dapend on real liberalisation being agreed by Apec at its meeting in the Philippines this autumn. We will see what Apec actually decides to do," he told foraign ministers attending the EU-Asia summit. "We will consider it carefully, taking

account of what we have already done and are doing, and will see if what Apec is doing goes beyond this with a view to giving it a comparable His remarks are the first

public hint from an EU official that Europe could respond to the Apec challenge. European officials admit that Asia's newfound enthusiasm for trade lib-eralisation put the EU under That's how the fastest photocopier in its class more pressure on trade issues than had been expected at the For more information on the SF-2050, call

summit. "We were on the defensive on trade, while they [Asia]



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Nowadays, companies aren't just selling worldwide: they're also developing, purchasing and manufacturing in a variety of different international locations. Hence the explosion in demand for high-quality global communications. To satisfy this demand, we have pooled the cream of European and American telecommunications resources in a unique three-way international partnership.

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Deutsche Telekom, France Telecom and U.S. company Sprint have now joined forces to create a unique new global communications alliance. For customers who need to operate right around the world, the result will be tailor-made performance of the highest possible quality, on a truly global basis.

In the words of the U.S.A.'s Forrester Research Institute: "Together, Deutsche Telekom, France Telecom and Sprint form what is probably the strongest alliance in the world." They go on to highlight our common vision, compatible products, virtually complete international coverage and vast combined experience in network technology.

In short, this alliance promises unrivalled professionalism and integrated expertise. Indeed, from the start, some 2,100 specialists in more than 50 countries will be putting their global network skills at the disposal of companies who need to be able to communicate right round the world.

Together with France Telecom, we have set our sights on revolutionising international communications in the world's single largest market place: the European Union. France Telecom can boast outstanding performance and many years' experience in the field of global data services. While, as a serious performer in all the major international markets. Deutsche Telekom offers not only the densest fibre optics network in Europe but also satellite capacity from all the leading operators, not to mention top quality connections, particularly to Eastern Europe. With Sprint joining the partnership, we can now add a truly global dimension to our pioneering work in Europe. As a major international company in its own right, Sprint will contribute both its own domestic networks in the U.S. and its excellent connections in the Pacific Rim.

Deutsche Telekom - you couldn't be in better company for the future. Deutsche Telekom is Europe's No. 1 telecommunications company - and the second largest network operator in the world. In Germany, we have the largest ISDN network, the densest fibre optics network and the most extensive broadband cable network: and all three are accessible on the world's most sophisticated Infobahn.

Add the resources of our new worldwide consortium and you have an international communications capability which cannot fail to benefit your business.

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Our connections move the world.

NEWS: INTERNATIONAL

FMI umbrella.

Hamas shows political power

Julian Ozanne assesses hopes of dialogue to advance peace

Four Islamic attacks against Israelis in the past eight days have established that the extremist Hamas Islamic group has the power to determine the fate of the Arab-Israeli peace process and the political futures of Mr Shimer Dente June June June J Shimon Peres, Israeli prime minister, and Mr Yassir Arafat, Palestinian president. The attacks bave left at least

45 people dead, bave undermined Mr Arafat's credibility and have dealt a blow to the electoral chances of Mr Peres, who has called early Israeli elections on a platform of making peace.

The attacks have proved that Hamas remains a serious polit-ical and military power which, if ignored, could still torpedo the fragile peace gains of the last two and a half years.

Less clear are the immediate political objectives of Hamas, a movement in the throes of a divisive internal debate over whether to drop its armed struggle against Israel in favour of political accommodation with Mr Arafat, The divisions pit Islamic fanatics against moderates and political pragmatists, and those living inside the Palestinian selfruled areas against the exter-nal leaders in Jordan. Syria and the US.

All Hamas leaders oppose the peace process on principle and believe it will never deliver the Islamic state Hamas wants in most of the land of "Palestine". But Hamas moderates inside the territories believe that to continue the armed struggle, when most Palestinians support the peace process, would be political sui-

are complicated because the



Israeli Prime Minister Peres (circled) visits the blast scene in Jerusalem yesterday

leadership and a strict organisational division between the political and military wings, It is often uncertain whether the political wing is driving the

military wing or vice versa. Also, last week, after the Izz a-deen al-Qassam brigades, the Hamas military arm, bad denied responsibility for last week's attacks, it became apparent that the military wing itself is split. Recent attacks have been carried out by more extremist military cells in the West Bank named after the late Yavha Ayyash, a Hamas bombmaker believed to have been killed by Israel in

week in return for release of coming to power in Israel on

Hamas prisoners and an end to an anti-peace ticket. Israeli attacks on its activists. Both Mr Faluji and Sheikh But analysts call this a Abu Musamah, editor of the smokescreen and say the hanned Hamas newspaper Al Watan, confirmed the moveattacks are a much more important message, to Mr Peres and Mr Arafat, that Hamas, backed by up to 20 per cent of Palestinians, must be ment was in a "self-evaluation." The editor said the polit-ical wing had been close to a political agreement with Mr taken into a political dialogue. Arafat when Israel killed "Hamas is sending a message to Israel that our blood is not Avyash. But, until there was such an agreement, said Mr cheap and Israel must think Faluji, Hamas military cells seriously about involving were free to carry out any Hamas in a political dialogue, action they thought necessary Once a political accommoda-tion was struck, the political said Mr Imad Faluji, a former Hamas leader and an elected member of the Palestinian parwing would be able to enforce

liament. "Israeli security is in it on the military wing. there is a good chance that anuary. Although the moderates Hamas leaders in Caza yes-Africa in April 1994. the hands of Hamas and, If Efforts to reach accommoda growing public enthusiasm for ics who are well known in terday tried to portray the recent bomhings as a series of believe the peace accords will Israel wants to see real peace and security, [it] must try to tion with Hamas are now in question. Israel refuses Hamas more secular and less clerical government will be reflected The trial will hinge on the massacre of 13 people, mostly their own communities. women and children, in the Zulu heartland of KwaZuln-Natal ultimately fail to deliver Pales-The main left wing gronp, tinian rights, they think the revenge attacks by Hamas meet all the rights of the Palesthe MRM, is boycotting the province in 1997. Render, Durba offers of dialogue, saying It will n the new Majlis. movement must forge a short-term accommodation guerrillas for the death of tinian people. Otherwise, the not negotiate with terrorists "This would make it much Ayyash and as a warning to peace process will fail and we and that it is up to Mr Arafat Israel to cease hunting down Hamas militants. The political rather than risk open confronto deliver his side of the peace deal and guarantee Israeli security. But it is hy no means will return to the terror circle." Mr Faluji, who acts as a bridge between Mr Arafat and **Record global sales of drugs** tation with Mr Arafat. Such a move would preserve their extensive social welfare and wing also said it was against the slaughter of innocent Hamas, said the latter was certain that the option of conreligious network, and enable Israeli civilians and denied It clearly aware of the political tinuing to press Mr Arafat to them strengthen their position. The divisions inside Hamas bad played a role in the deci-sions behind the attacks. It crack down harder on Hamas will bear fruit, and Mr Arafat impact the attacks have on the Daniel Green finds rapid US growth leading pharmaceutical surge electoral chances of Mr Peres blamed Israel for refusing to and was deeply concerned is mindful of the potential for respond positively to the about the possibility of the major internal conflict such a is mindful of the potential for movement is underground, World drugs sales grew to from state-imposed price conto \$2.02bn. France has among single medical category. record levels in 1995, led by Sales of blood agents, includwith secret cells, decentralised Hamas ceasefire offer last right-wing Likud opposition crackdown could provoke. trol measures and sales were the lowest drugs prices in up Il per cent to \$4.77bn. Europe, but this is counter-balanced by doctors' habit of ing the relatively new category of cholesterol-lowering drugs, rapid growth in the US. according to figures published today. The picture, when measured **CONTRACTS & TENDERS** Sales of prescription drugs at hy medical area, shows the heavy drug prescribing and a rose 13 per cent to \$7.86bn. retail pharmacies in the top 10 fastest growth in four areas, bealth care system that allows In most other countries, the patients to visit more than one markets grew by an average of thanks largely to the introduchiggest categories remain heart 👞 tion of new products. s per cent, excluding currency doctor. drugs and digestlve system Telegram: SYRELEC Syrian Arab Republic effects, to \$139bn. Sales of anti-infective prod-Respiratory drugs, mostly for drugs such as Zantac, the ulcer treating the fast growing con-dition asthma, rose by the Ministry of Electricity That compares with sales ucts, including antibiotics and drug made by the UK's Glaxo Wellcome, which is still the growth of 5 per ceot in the anti-virus drugs such as treat-Public Establishment of Electricity P.O. Box 3386 previous year and to 1 per cent For Generation and Transmission Telex: 411056 SY in 1993, according to IMS, the World pharmacy drug purchases January-December 1995 in US dollars (m) specialist drugs industry mar-Contract Department 2229062 Fax: Bolyker ket researchers IL Asserice Germany Socia Notherlands Jecan* France Raty UK The US market was the Phone: 2223086 940 785 590 608 484 278 245 837 Cardiovascular 3,551 9,091 4,071 3,824 1,639 1,038 377 393 fastest growing in the top five 4,900 2,820 1,813 2,348 1,296 803 1,249 887 465 249 127 301 322 243 2229654 Allmentary/Metabolism 9,428 countries, with sales up 10 per 10,258 Central nervous system cent to \$54.7bn. 1,190 1,756 915 5,531 3,511 1,190 1,007 464 The UK was the second fast-293 105 86 369 **EXTERNAL CALL FOR TENDERS No. 30/96** 549 446 455 956 198 84 103 Respiratory 6.320 2,325 1,756 est growing, with sales having 2,790 2,451 118 378 Blood agents B74 risen 9 per cent to \$5.25bn. The 2,335 2,511 845 718 Musculo-skeletal UK remains, however, a 1,460 1,158 6,246 12,513 5,381 3,593 2,825 Others smaller market than that of 58,266 26.442 Total 16,515 15,118 4,767 2,071 1,988 The public establishment of Electricity for Generation and Transmission (PEEGT), Germany, France or Italy. % Change" 8 -9 11 - 5 intends to execute a thermal power station project consisting of three units, the Cerman sales grew 7 per Source: IMS International "Non-hospital market only "increase excluding currend cent to \$16.5bn, French sales capacity of each 200 MW ±10% at AI-Zara site. rose 6 per cent to \$15.1bn. In Italy, where the government This project is financed by the Overseas Economic Cooperation Fund (OECF) of Japan, has introduced a series of meaments for Aids and herpes, same proportion to \$14.2bn. world's higgest selling medisures to restrict spending on rose 13 per cent in 1995 to During 1995, there was speccine. towards the foreign currency portion. medicines, drug sales increased \$14.7bn. tacular growth in sales of ner-But both these categories are a per cent to \$7.68bn. The drug categories highvous system drugs, which PEEGT invites herewith the experienced firms to bid for: growing much more slowly light cultural difference between countries. Anti-Japan was the third fastest include anti-depressants such than most others, thanks to growing country, recovering as Prozac, made by Eli Lilly of increasing competition as the design, manufacture, delivery, transport, insurance, testing, executing the civil from price cootrols imposed in infective sales in the UK. the US. patents expire. 1994, with sales up 8 per cent Sales in this category where doctors are conservative works, erection and putting into operation of this project on turn-key basis, including about prescribing, grew 11 per cent to \$464m. In France, to \$26.4bn. rose 12 per cent to \$18bn. In Digestive system drugs sales Among the smaller markets, the delivery of spare parts, tools and training of PEEGT's personnel. In accordance the US, nervous system drug grew 6 per cent to \$23.6bn, and there was high growth in which has a population of simisales grew 14 per cent to heart drug sales rose 4 per cent with the conditions specified in the file of external call for tenders No. 30/96 those Spain largely due to a recovery \$9.69bn, making it the biggest lar size, sales grew 15 per cent to \$34.9bn. interested can obtain a copy of tender documents from PEEGT- contracts **PUBLIC NOTICES** department- between 11-12.30, during the official business hours and against payment of SYP (129000) for Syrian tenderers, or U.S.D. (3000) for foreigners and LEGAL NOTICES NOTICE OF APPLICATION FOR VARIATION OF APPOINTMENT Arabs non Syrians. PORTI GUESS OF INVESTMENT FUND LIMITED (In Voluntary Liquidation) Location: Al-Zara, 25 km to the north of Homs City. NORTHUMBRIAN WATER LIMITED PURSUANT TO SECTION 8(2) OF THE WATER INDUSTRY ACT 1991 ANNOUNCEMENT Bid bond: USD (1,500,000), only one and half million US Dollars. Incorporated with luminod babylary and regulary ander the laws of the Cayman Islands). NORTHUMBRIAN WATER LIMITED NTITICE IS HEREBY GATENC-1. THAY at an Extended any General Meeting of the shore named company, duly consend any beld on Monday 19. February 1970, the beld on Monday 19. February 1970, the Performance Bond: 5% of the total value of every currency given in the awarding of Registered in England with Registered Number: 02366703 the above named compary, duly convened and beld on Monday 19. February 1970, the following Resolutions were duly adopted: AS A SPECIAL RESOLUTION THAT the company be placed into violantary figulation forthwrit: AS AN OROINARY RESOLUTION THAT THAT Janes. Clearer of Enux & Yung, Plo Box 510, Ore Cupital Pison, Ceorg Town, Cayman Bilands, Britiah West, Iodres be appointed as the voluntary begudetor of the Company are requirile on or teffore April 50, 1996 to work but they rames and addresses and full personiers of their datus or alting and the protocolers of their datus or alting the resultation from the besefit of any-distribution made before such debs are prived. In the first mathine claims and the senably for so David Pierfolupt. Enux & Young, Cayman Islands infar no. 1800, 904. Staff personant is be required renter to submit the reliabil claim or aga a formal groof of dats particular with the scalabers of the Companies Law the Hand Commit Meeting prof Old at a standard form. 3. THAT gerement is Section 1445 of the Company will be herd on April 10th, 1996 as 1000 and a the offices of Enux A Yang. One Capital place, Shelderi Rool. George Tawn, Grand Opman, Cayman Islands for the puppice of next ring from the Layendows an account of the wrading up of the Company and any capisasion thereof. Coriso of the Layendows and any capisation thereof. Coriso of the contract. This notice is issued in accordance with Section 8(2) of the Water Industry Act 1991. Application has **Execution Periods:** been made to the Director General of Water Services for the variation of appointment of Northumbrian Water Limited ("Northumbrian") to extend the areas to which that appoint 1. Section One: (27) months relates to cover the areas presently served by North East Water plc ("NEW"). If the variation applied for is granted Northumbrian will, upon the variation coming in to force, become the water under-2. Section Two: (29) months taker for the areas presently served by Northumbrian and NEW and NEW's appointment as a water Section Three: (31) months undertaker shall cease The application for the variation of Northumbrian's appointment is in accordance with an agree Starting from the date of effecting the advance payment and opening the letter of between Lyonnaise Europe plc (now the holding company of both NEW and Northumbrian) and the credit whichever of the dates is the latter. Secretary of State for Trade and Industry that, following the successful offer by Lyonnaise Europe pic for the shares in Northumbrian Water Group pic (which owns Northumbrian Water Limited), there Penalty of delay: should be a merger of the operations of NEW and Northumbrian and that these operations should be carried on under a single licence. The merger of these operations is considered to be in the best In case of delay of executing any section of the project, a penalty of delay as increases of customers. The Board of NEW and the Board of Northumbrian have both approved the specified in the Administrative, juridical and financial book will be applied, taking making of the application for variation of appointment. Subject to the variation of appointment becoming effective, the property, rights and liabilities of into consideration that the ceiling of penalty of delay shall not exceed 20% (twenty NEW will be transferred to Northumbrian by way of a transfer scheme in accordance with Schedule percent) of the total value of the contract. 2 of the Water Industry Act 1991. The transfer scheme (which is subject to the approval of the Director General of Water Services) will take effect on the same day that the variation of appoint-PEEGT will grant to the awarded tenderer an advance payment equal to (10%) of the ment comes into force. total value of the contrast evaluation substitutes - totals a finance.

Withdrawal of four candidates may frustrate business-minded Iran election setback for

moderates By Robin Allen, recently in Tehran

asier for Iran to bave a nonclerical president to succeed the incombent, President The chances of moderate Hasbemi Rafsanjanl, next

rightwing groups gaining a majority in elections on Friday August. A total 3,232 individuals from more than a dozen groups - political parties as to Iran's Majlis, or national parliament, suffered a setback yesterday with the withdrawal such are banned under Iran's of four members formerly on Islamic constitution - is contesting 270 seats in the new four-year Majlis. The parliathe list of the Freedom Movement of Iran. The four had been allowed ment will be the fifth since the revolution of 1979 gave the Shia clergy a stranglebold on to contest the elections as individuals, rather than under the the country's political system. Political commentators in Public concern over infla-Tehran said that the decision of the FMI candidates withtion, officially put at 54 per cent last year, and general eco-

nomic mismanagement bas draw wonld deprive many middle-class voters of an iden-tifiable "business-minded" eroded the clergy's overt authority. But most groups which have group for which to vote. The four ostensibly withpassed the regime's stringent drew their nominations to pro-

official vetting procedures, bave retained an Islamic "label". test against the refusal of the interior ministry to allow them to bold public meetings The most prominent are traditional conservatives in the JRM (Jame'-e-Rnhaniyat-eat Tehran university and in the capital's suburbs. The departure of the FAII Mobarez or Assembly of Comgrouping from the political batant Clergy), which holds a arena coincides with shifting majority of 150-160 members personal alliances within other big rightwing and tech-nocratic groups, with several individuals appearing on the in the ontgoing Majlis; candidates under the G-16 label of more modern-minded technocrats, all of whose symlists of more than one competpathisers have had govern-"Providing enough people vote," said one commentator, meot experience; and a large number of independent factions represented by provincial businessmen and academ-

INTERNATIONAL NEWS DIGEST

Moroccan king plans reforms

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King Hassan of Morocco said yesterday he would set out a wide-ranging programme of constitutional reform in the second half of this year - including changes in the country's parliamentary system.

Under the present constitution, a third of the 333 parliamentary deputies are picked by an electoral college, a system which the opposition says does not ensure proper representation. The opposition argues that the system of indirect elections works in favour of the centre-right parties now in government.

King Hassan said be would put forward the changes after the second session of parliament, which ends in June or July. The changes would include setting up a bicameral parliament. He indicated that the political changes being proposed were.

part of comprehensive reforms that involved looking at administration, the economy and education. The king, 66, also assured Moroccans he was physically fit after a recent Reuter Raha

Shift in Venezuelan Congress

The Venezuelan government of President Rafael Caldera has lost its control of congress to a new alliance of opposition parties. The two-year-old coalition of the Democratic Action parties. The two-year-oin control of the Denotatic value of the party and the government party Convergence was custed from the presidencies of the upper and lower chambers by the socialist MAS party and the centre-right Copel party. The shift could complicate Mr Caldera's efforts to pull the

country out of a deep economic crisis and to reach a stand by agreement with the International Monetary Fund.

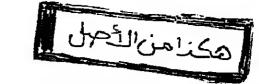
Late last week, the government postponed talks with the MF because of "an unclear situation in Congress." Several tax and deficit reduction bills proposed by the government depend on congressional approval and are deemed necessary to reach an agreement with the IMF. Raymond Collit, Caraca Raymond Collit, Caracas

South African trial to start

The trial of South African former defence minister Magnus Malan, and of other high-ranking military and intelligence officers accused of organising death squads, is to begin today in Durban.

Mr Malan, 66, and 19 others, including members of the old military intelligence, chiefs of divisions of the white-led army and the deputy secretary general of the Zulu-based Inkatha Freedom Party, face a lengthy Supreme Court trial.

They are the most prominent South Africans to face trial for alleged crimes of the country's apartheld era since the first elections for all races brought black majority rule to South



NEWS: THE AMERICAS

South Carolina primary damages Alexander Dole re-takes lead in nomination race

FINANCIAL TIMES MONDAY MARCH 4 1996 ★

ويهاجه والمحافظ المحريص والمرجع محافا والمعاد

By Jurek Martin in Savannah, Georgia

For the first time in weeks, Senator Bob Dole is smiling the party. like a front-runner. A convincing victory in the

South Carolina presidential primary on Saturday re-established the Senate majority leader as the favourite for tha Republican party's nomination, going into the thick of the primary season and due to start tomorrow here in neighbouring Georgia and in seven other states.

six congressional districts, Mr

Dole won all 37 convention del-

egates and thus vaulted back

into the lead in the race for the

996 needed for nomination. He now has 77, ahead of Mr Forbes's 60, Mr Buchanan'a 37

South Carolina probably

spelled the beginning of the

end for Mr Alexander. A com-

parable finish in Georgia,

where the latest poll in the

and Mr Alexander's 10.

Presidenti Rufasi Calibra New Alight of applicate Antonio Mr Dole won with 45 per cent of the Republican vota, fol-lowed by Mr Pat Buchanan, ne ritter Coper party the conservative pundit, with 29 per cent, Mr Steve Forbes, California efforts to pile Line Contract a state the millionaire publisher, on 13 d Mongary Fund per cent and Mr Lamar Alexan-R poster and talks which der, former governor of Ten-1 nessee, with 11 per cent. Marin La Congress, Serein By carrying the state and its

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strength among religious conservatives, he harely improved on the 26 per cent he took in the 1992 primary against President George Busb. Anything less than the 36 per cent he won four years ago in Georgia would be construed as underlining this minority standing. Still. Mr Bnchanan claimed



Dole: 77 delegates bagged

Atlanta Constitution newspaper puts him a poor third with only 16 per cent, would concluwhile it was clear President sively disprove his southern Bill Clinton would beat Mr regional appeal and leave him without the funding to con-Dole in November, the White House was nothing like as "confident" about taking him tinne for much longer. But neither Mr Buchanan on. In accusing the majority

nor Mr Forbes is likely to fold leader of waging "a shabby his tents. The publisher, who campaign", Mr Buchanan gave at least matched his modest no hint of second thoughts expectations in South Carolina about continuing. Mr Dole's victory was attriband has money to burn, can now look forward to what utable to hard work on his seems more favourable terribehalf by Mr Carroll Campbell, tory, especially in Colorado

a respected former governor, and five New England states and Mr David Beasley, his suctomorrow, followed :on Thurscessor and the incumbent. day by New York, where a Both argued vehemently that judge bas ordered that his Mr Buchanan's protectionism name appear on all ballots. was a dagger at the heart of South Carolina's new-found Mr Buchanan will also conprosperity, much of It derived tinue his crusade all the way from foreign trade and investto the convention, unless he breaks off in the direction of a ment.

that he appears unable to exceed the 30 per cent barrier that represents his core rightments Mr Dole has nationwide should also prove an asset as the primary season moves wing and populist support in beyond the single-state politics of its opening to the multi-state In South Carolina, in spite of campaigning of the next, vital three weeks. Tomorrow bas already

acquired the nickname Junior Tuesday. A week later is to come Super Tuesday, with 12 scattered states voting, including Texas and Florida, the sec-ond and fourth largest in the US. March 19 will be the date

for four big mid-western states and, on March 26. California is to lead the western parade. By the end of this month, nearly 70 per cent of all convention delegates will have baen

selected. As R.W. Apple noted in the New York Times: "With time so short, surrogates will have to do much of the stumping and better-known surrogates generally get a better hearing." The organisations at their command, he went on, can also help get out the vote, possibly "decisive in a small turn-out". On the other hand, Mr Dole

does have some money problems. As a recipient of federal matching funds, be is limited to spending no more than \$37m (£24m) on the primaries. He has already disbursed about three quarters of that sum. The self-financed Mr Forbes

has no such coustraints, although the \$25m or so he has spent so far may come to resemble small change once the expensive media markets of California and New York take hold. But, if he continues to be competitive, he may well dig more deeply into his own pockets, immune to any appeals by the Republican establishment that he with-

draw. Last night, Mr Dole felt confident enough to stay in New England and leave the debating stage in Atlanta, Georgia, to Mr Bnchanan, Mr Forbes and Mr Alexander. The senator's state campaign manager explained: "These debates are not a pretty sight any more." But the majority leader looked good enough in the South Carolina beauty contest.

Americas By Angus Foster in São Pauln

Mr Warren Christopher, US

US push

for free

trade in

secretary of state, on his first visit to South America since taking office, bas welcomed the region's moves towards demneracy and economic reform, and bas called for ereater efforts towards planning the Free Trade Area of the Americas, dne to be in force from 2005.

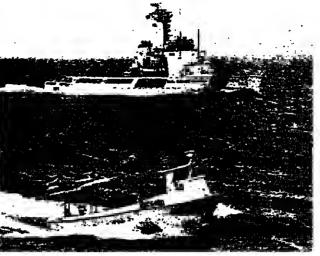
The secretary, who last week visited Chile and Argentina said Brazil and the US had the opportunity to form a "strate-gic partnership" to drive the region forward because of their size and the importance of their economies.

In a speech to businessmen in São Paulo, Mr Christopher said momentum must be sustained towards negotiating the FTAA, which some critics say has made little progress since it was lannched at the Summit of the Americas in late-1994. He said the US supported a second summit, in late-1997 or early-1998.

Separately, Mr Thomas McLarty, special adviser to President Bill Clinton and travelling with Mr Christo-pber, said President Fernando Henrique Cardoso of Brazll was "receptive" to the Idea of a second summit, although the two sides bad not discussed details of its exact timing or location,

Mr Christopher said Mercosur, the customs union of Brazil and three nther South American countries, was a valid but "transitional" building block towards economic integration in the region. For the FTAA to come into force, be said, all countries must move forward with genuine negotiations including such new areas government procurement, services and intellectual property rights.

Brazil is a signatory to the FTAA, but the country's trade with Europe is as important as its trade with the US. Brazil also does not want the FTAA to be a US-dominated extension of the North American Free Trade Agreement.



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Cuban exiles curtail memorial sea trip

Cuban exiles cut short a weekend memorial service at sea for four comrades killed by Cuban fighter aircraft last month, AP reports from Key West.

Escorted by 11 US Coast Guard cutters, a flotilla of 35 boats left Key West early on Saturday and lurched into waves whipped up by high winds across the Florida Straits. (A cutter and a flotilla boat are pictured left.)

By early afternoon, 21 boats had turned back. The rough seas prevented the 14 remaining vessels from reaching the spot 34km north-west of Havana where the exiles' two aircraft were believed to have crashed after they were shot down by Cuban MiG jets on February 24.

Flotilla leaders had promised to stay well ontside the 20km limit of Cuban territorial waters. The planned memorial service was held 70km south of Key West. Exiles dropped flowers and wreaths into the sea, then headed back to Florida.

Mean lawman's intent to save

Christopher Parkes visits a cost-cutting sheriff in Phoenix, Arizona

Sheriff Joe Arpain from Arizona, who calls him-self the meanest lawman in the west, is planning to embellish his old-style jail

tation, it has proven relatively

Tent City, as the canvas jail known locally, will be opened for women on April 1. The

sheriff has not yet decided whether they should be offered equal chain gang rights but: There could be a problem if the women want to go on the

chain gang." The camp - between a dog pound, a town dump and a waste disposal plant - and sightings of the gangs cleaning streets are the most visible manifestations of the former federal drugs enforcer's fundamentalist strategies at work in cash-strapped Maricopa County, central Arizona.

These have attracted international study by criminologists, civilian volunteers enough for a 2,500-head posse, funds - and attacks by more conventional is one more reason for making elected officials dismayed by prison life less comfortable. He

polls which show Sheriff tells bow, on his visits to jail, with "the finger". Nowadays, "they're using two hands, which is great, hecause I'm Arpaio as the most popular politician in Arizona's history. The 1.000-inmate canvas jail, built of tents from the military. was opened in 1993 where step known as the meanest sheriff in America and I like that title," he said recently. ping outdoors in summer is advisable "only if you have eight legs and a big hat." said "I want to make it so tough that nobody wants to go to

them threatening to kill me,

my wife and the newspaper

reporter with me," he says

tions imposed on convicted and

remand prisoners alike - such

as the ban on smoking and on

pornographic magazines, and a

tapes of Speaker Newt Ging-

The Weather Channel - raise

However, there were few

being smuggled out of county

A special batch in delicate

tension unnecessarily.

ritics charge that some

of the more petty depri-

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with detectable satisfaction.

It was one of Sheriff Arpaio's jail," be declared. Dedication to his goal of reducing recidivism from 70 per cent to 60 per cent earliest responses to the bud-get squeeze. By his estimates, the encampment - lately by making imprisonment as adorned with a neon Vacancy unpleasant as possible recently led to his spending a night in Tent City. "There I was in their hotel room lying awake sign on the watch-tower - cost \$80,000 compared with up to \$200m for a conventional buildfor eight bours listening to

Other penny-savers include the introduction of boloney sandwich lunches, which save \$350,000 a year on bot meals, and removal of coffee from the menu (\$100,000). "Why should they bave coffee? It doesn't have any calorific vaine," be says. The same cannot be said for the container-load of surplus batter-coated hot dogs bought lately for the prison pantry.

The search for economies rich enriched with cable access has been given extra impetus by decisions such as the most to the Cartoon Network and recent \$10m slice off the sheriff's departmental budget. which forced him to reduce his complaints about a recent corps of prison guards by 200. But the difficulties of workfund-raiser which sprang from ing on a shoe-string appear to the discovery that hardwearing prison underwear was be compensated at least in part by the warm glow Sheriff Arpaio feels from the knowjails and sold as fashion gear on the open market. All dge that every cent less in inmates' underpants were his department's bank account promptly dyed pink.

rose, emplazoned with the inspirational phrase "Go Joe", was sold to raise more than \$200,000 for the sheriff's contingency fund. This, in turn, has been recycled into yet another scheme

which, opponents claim, is the most likely yet to lead to the sheriff's downfall. Riding on the success of his resurrection of the civilian posse, and its deployment in pursuit of prostitutes, graffiti artists and pickpockets, Mr Arpaio bas now ordered bis deputies to dog Fboenix drug pedlars.

Despite warnings from politicians and local police officials, a volunteer corps of 800 has been trained in staffing telephone bot lines, surveillance, house searches, serving arrest warrants and the use of arms.

In the 10 days since the posses were sent out, they have picked up 20 suspects a day on average, several pounds of marijuana, several grammes of cocaine and methamphetamine, and a small armoury of prescribed television diet of guns.

None of the posses has yet encountered any violence; none has yet blundered into a large deal involving armed-tothe-teeth heavyweights or

undercover police. The sheriff's opponents insist it is only a matter of time before they do - just as it is only a matter of time before the two armed guards in charge of Tent City find themselves, one summer's day, in 120-degree heat, confronting 1,000 angry inmates demanding a cup of coffee.

regime with the modern-day principle of equal rights for women prisoners, Privileges will include accommodation in the city of Phoenix's notorious one local. tent prison and, if they insist, work on the chain-gang. "I don't believe in discrimination in my jails," be says. Despite the chain gang's repu-

popular among today's male convicts, who are allowed to choose, when they break rules, 30 days working linked man-toman and foot-to-foot or close confinement in "lock-down". reserved for convicted felons is

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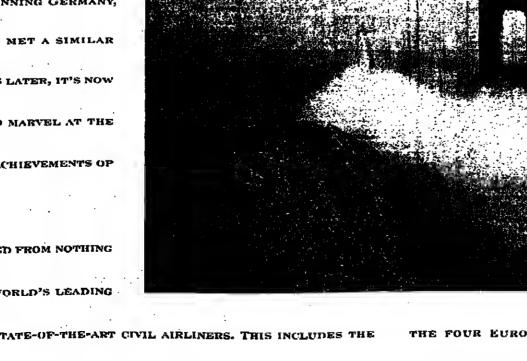
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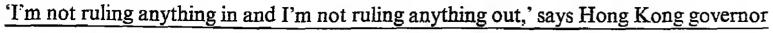
THE FOUR EUROPEAN PARTNERS HAS BECOME A MODEL POR ALL SIMILAR VENTURES.

WHICH GOES TO PROVE WHAT EXTRAORDINARY THINGS CAN BE ACHIEVED WHEN

YOU BUILD BRIDGES THAT STAND TRE TEST OF TIME.

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NEWS: UK



Patten ponders return to Commons

By John Kampfner in Hong Kong

Mr Chris Patten, the British governor of Hong Kong, sig-nalled yesterday that be was looking to return to mainstream British politics after overseeing the handover of the colony to Chinese sovereignty next year

Mr Patten was appointed governor after losing his seat in the British House of Commons in the 1992 general election when he was chairman of the governing Conservative party. He has for some time been seen by more moderate Conservatives as their choice to succeed Mr John Major if they lose the next election, which is due by May next year. Speaking at Government House in Hong Kong while bosting a visit to the colony hy Mr Major, Mr Patten made clear that he would not quit his current job until the transfer date of June 30 next year. Asked if he could see a return to the Commons after

that, Mr Patten replied: "Yes, certainly, I am not ruling anything in and I'm not ruling

Go west, young man: John Major (right) and Chris Patten in Hong Kong yesterday 21 years old." Speculation has surrounded the future of Mr anything out." He said be did not want to speculate on the result of the British election. Patten, who was credited with "But I remain interested in masterminding the Conservaissues at the centre of the tive victory at the last general dehate in Britain and in election against the odds. His Europe. How could I not be? own defeat in his constituency I've heen professionally in the west of England city of involved in politics since I was Bath left a gap in the centre-

left of the party that no poten-tial candidate has yet filled. By contrast, several senior figures on the right have staked robust claims to take over after the election, including Mr Michael Portillo, defence secretary, and Mr John Redwood, who resigned from the cabinet last year to fight the prime minister for the party leadership. Last month the executive of the 1933 committee - the par-ty's senior hackbenchers -decided to rule out a further challenge to Mr Major ahead of the general election. That would, in theory, give the party leadership time to find a comparatively safe seat for Mr

Patten immediately aftertants. wards Despite his heavy involvement in tense negotiations with Beijing over the terms of the transfer of Hong Kong. Mr Patten has given increasing

hints of a readiness to return to the Westminster fray. In one recent speech during a trip to the UK. Mr Patten made a strong call for keeping public sector spending below 40 per cent of gross national product. This was seen as a pitch away from the left of the

party to the centre. He has also let it be known that he has lost enthusiasm for a single European currency, making clear that the foremost priority for the European Union was enlargement.

N Sea oil output expected to rise by 5% to record

By Robert Corzine in London

tion is part of a general rise in North Sea output. Total pro-duction from Norway, the UK. UK oil production is on track to set a record of 2.71m barrels a day this year, says the Denmark and the Netherlands this year is expected to average around 6m h/d, a 9 per cent annual industry review hy Wood Mackenzie, the Edinburgh-based energy consulrise over 1995. The Norwegian government will he the largest producer.

The forecast figure represents a 5 per cent increase on last year's average output of 2.58m b/d, which in turn amounted to a 3 per cent increase over 1994. The upward trend in North

Sea production is set to continue for some years, says Wood Mackenzie, with output of as much as 3m h/d towards the end of the decade.

It says "new technology, cost-reduction measures and an attractive and stable fiscal regime" are some of the factors behind the growth in oil out-put. In addition projects in new areas, such as the UK's latest oil province west of the Shetland Islands, are proving to be "relatively successful."

> past 18 months, the SFO is thinking of bringing in the consultants to try to boost its image in the City with a more carefully targeted and streamlined marketing exercise. The SFO faced a renewal of had publicity in January with the acquittal of all defendants in the Maxwell trial. Jimmy Burns and Norma Cohen

Regulator fines Lehman Brothers \$122,500

fields.

150.000 h/d.

Lehman Brothers, the US investment bank, has been fined £30,000 (\$122,500) hy the Securities and Futures Authority, the UK financial markets regulator, for poor record-keeping and internal procedures in its dealings with the late publishing magnate Robert Maxwell. An SPA notice is expected to be published today, detailing the results of the investigation it launched two years ago inin Lehmans' acceptance of assets from the Maxwell group pension funds as security for loans to two Maxwell-related companies. The fine is only half what the SFA demanded from Goldman Sachs for its dealings with Maxwell, and far smaller than the £750,000 inflicted by the Investment Management Regulatory Organisation on Invesco over its Maxwell involvement. George Graham, London

Ban on homosexuals wins support in forces

Most members of the armed forces believe that ending the ban on homosexuals in the forces would be bad for discipline and morale, said Mr Michael Portillo, defence secretary. A survey about to be published will recommend keeping the present ban, he added. "People are working in a situation of absolute trust," said Mr Portillo on BBC Television. "They need to know that they can trust one another, and this would create such a complication that the armed forces themselves believe that they could not then retain their fighting power, their trust, their morale." P.A News Store owner hits out: A store owner hit a man with a knife who burst into the shop and demanded money from the owner's 16-year-old son. The owner has been told by police that he may face assault charges. The raider ran off to a hospital where he was found to have a fractured skull and a broken arm and ribs. Mr Ken Dunn, the owner of the store near Barnsley in northern England, is a 105 kg former coalminer. He said he had been received many messages of support. "A man threatens my son with a big knife and I am in trouble for having a go at him," he said. "As far as I know the villain still hasn't heen charged."

Row brews over pace of energy reforms

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By Robert Corzine in London The growth in UK produc-

Britain's gas and electricity industries are on a collision course over the pace at which competition is being intro-duced into the two energy sectors.

There are growing concerns that the regional electricity companies may be able to accounting for about a third of carve ont a share of the gas total Norib Sea production. Statoil, the Norwegian state oil market, which is being opeoed up first, while retaining the company, will be the second largest North Ses producer this year, followed by British Petromonopolies of supply in their own sectors. The first test phase of com-

petition in the domestic gas The consultants say the expected rise in 1996 produc-tion in the UK will be the market will begin on April 29 in sonth-west England, and Sweb, the area's electricity disresult of a less extensive offtributor, has already signed up shore maintenance season this 60.000 British Gas customers. year and the start-up of 15 new Both energy markets are due

Six fields - Douglas, Foin-aven, Harding, Lennox, Mag-nus South and Pelican - are to be fully liberalised by 1998. Bat regional electricity companies have so far taken few steps to prepare for competi-tion, prompting fears that they "will sit on their hands" and due to begin production in the first half of the year. They will have a combined output of delay liberalisation for as long as possible. Ms Clare Spottiswoode,

director general of Ofgas, the gas industry regulator, said the situation was "gearing up to become a scandal". Ms Spottiswoode was in Plymouth to launch a publicity campaign for the first test phase of gas competition among half a million households in the sonth-west. No such tests are planned by the electricity companies. and some analysts believe the industry will miss the 1998 deadline.

Mr Stephen Littlechild, the electricity regulator and a supporter of liberalisation, has been criticised by some officials for not showing sufficient lesdersbip. Concern about the uneven progress of the government's plans to give millions of consumers a choice of energy suppliers has been reinforced by Sweh's success in the south-west.

Its performance has encour aged officials keen to see British Gas's monopoly broken. But it has also highlighted the potential for the regional electricity companies to use their monopoly power to gain hig shares of the gas market,

Government officials say Sweb's 60,000 gas customers represent a "much bigger figpre than thought likely" at this stage of the pilot programme, and place it "way ahead" of Britisb Gas's other competitors.

They say Sweh's perforregional electricity companies will have in entering the domestic gas market thanks to their local knowledge and established infrastructure.

Nestlé joins bid for main rail line

By Charles Batchelor, Transport Correspondent

Britisb Telecommunications and Nestle, the Swiss foods group, have teamed up with managers of the East Coast InterCity main rail line in their bid for a franchise to run services between London, the north-east of England and Scotland

The management has signed up Mr Marco Pierre White the chef who runs a restaurant at London's Hyde Park Hotel to advise on catering. Final bids were submitted on

Friday for the second set of rail franchises to be offered, com-prising Midland Main Line and Gatwick Express, as well as East Coast InterCity. Bids for a fourth franchise, Network SouthCentral, are due in hy March 11.

The other bidders for East Coast InterCity are understood to be Stagecoach, the UK bus

new rolling stock will he ordered for the UK until man-Railfrack, the company responsible for railway safety, is preventing the introduction of new trains on Britain's rall network because of the complexity of its approval system. said Mr Roger Salmon, the rail franchising director. Five types of new train are in storage because they are waiting for clearance from Railtrack while older rolling stock, which would not meet today's

tinues in use, rail experts said. No substantial amounts of long-distance bus company;

and Sea Containers, the shipping group. Sea Containers is bidding for a 12-year franchise and plans to improve the quality of customer service. It has been looking at the introduction of tilting trains, enabling faster journey times without costly

track work, but is believed to group; the National Express have shelved this idea. The

ufacturers and financiers are given certainty about the system for obtaining safety approval," Mr Salmon told the Institution of Mechanical Engineers' annual lunch. Mannfacturers needed to know that new train designs would meet the latest safety standards but at present the system was one of "build it higher safety standards, confirst and then - in our own

- we will tell you if we time think it is safe," he said. management team plans joint ventures with BT, Nestlé and

Shepherd Design & Build - a York-hased construction company - if its offer is successful. These companies would not, however, be equity partners in the bid.

Equity partners in the bld are 3i, the largest UK development capital company, and Compagnie Générale d'Entre-

prise Automobiles, the trans-port subsidiary of Compagnie Générale des Eaux, the French utility. In a separate development

Mr Roger Salmon, franchising director, said that 19 organisations had registered an interest in bidding for two more franchises, South Wales & West and Cardiff Railway. Most were keen to hid for both franchises. Applications had come from big companies in Britain and elsewhere and from management teams.

• Tarmac Construction has bought the Central Track Renewal Company, the third of the national network's infrastructure maintenance compa-nies to be sold. Central, which is based in Birmingham, has annual turnover of £40m (\$61m). The value of the deal was not disclosed.

Central is the first of the 13 Infrastructure companies which have been put up for sale to go to a trade buyer.

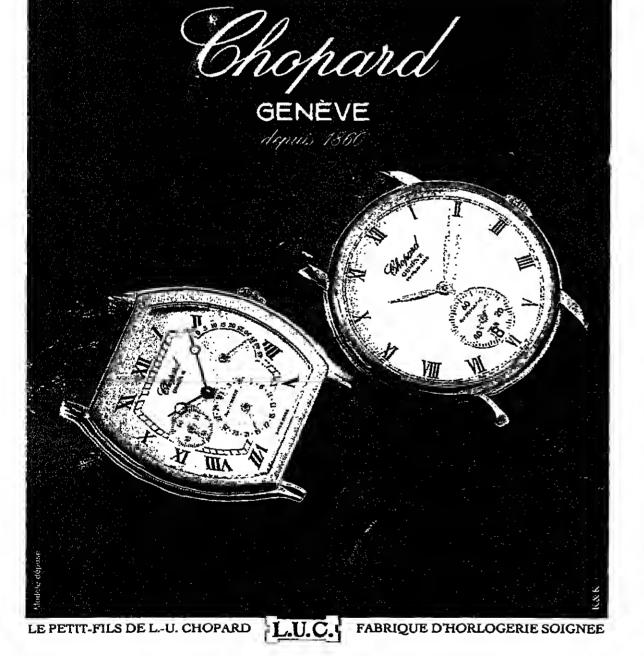
UK NEWS DIGEST 'Stop-loss'

Lloyd's, the insurance market, LLOYD'S is close to resolving a dispute over an important part of its recovery plan. The development comes as Names are this week given first statements on the cost of drawing a line under their Lloyd's affairs. A deal is near on whether "personal stop-loss" insurance policies, taken out by Names to protect against big losses, will help towards the cost of establishing Equitas - a giant reinsurance company that is planned to take over billions of pounds of outstanding US

Equitas should allow Names - individuals whose assets have traditionally supported Lloyd's - to sign a final cheque and quit the market. Lloyd's will on Friday post "indicative statements" on the cost to individual Names of its recovery plan. These will include the Equi-tas costs and the amounts individuals will receive from a £2.8bn (\$4.3bn) settlement offer to lossmaking and litigating Names. On stop-loss, Lloyd's is believed to have persuaded the policies' underwriters to accept a package under which Equitas bills would be covered. Sir Michael Bunbury, chairman of the PSL Policyholders Association, said: "The impression that I get is that they are 'carrot and sticking' the PSL underwriters to go along with their proposals." Abont 24,000 Names

dispute to end soon

pollution and environment claims.



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have stop-loss policies, but 80 per cent of the cover was underwritten within Lloyd's.

Ralph Atkins, Insurance Correspondent

Fraud office may hire image consultants

The Serious Fraud Office is considering employing a public relations company to polish its image following a string of high-profile prosecutions which resulted in either acquittals or minor sentences. The SFO said it had held preliminary discussions this month with Profile Corporate Communications, a Londonbased company which in the past has repre-sented the charity Crime Concern, the Independent Radio Gronp, and the National Associ-ation of Pension Funds. Following personnel changes to its information office during the

British Gas believes the future success of British Gas Energy, the new consnmer-oriented supply arm to be created as a result of the planned demerger of the group, will depend on its ability to offer energy packages of gas and electricity. Ms Spottlswoode snpports

that view. "The one saving grace for British Gas was to get into electricity," she said. Other new entrants also want to supply both energy sources to honseholds

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Accountancy Standards board is caught between large power blocks Swashbuckler storms the gates

By Jim Kelly, Accountancy Correspondent

Ernst & Young. 1sd by its swashbuckling senior partner Mr Nick Land, has stormed the gates of the Accounting Standards Board. An E&Y paper attacked the future direction of UK accounting as laid out in the board's draft Statement of Principles recently published for consultation. The firm implied that the board had been hijacked by academic theorists bent on revolutionising UK accounting while a largely apathetic financial community looked the other way.

The E&Y paper is the work of Mr Ron Paterson and Mr Allister Wilson - two of the three authors responsible for three authors responsible for the UK Generally Accepted Accounting Practice. This tome is the standard work on the subject. Both are partners at E&Y. The firm, under the nsw leadership of Mr Nick Land, has given itself a name for "rocking the beat". On the other side of the its own agenda.

On the other side of the argument we have the ASB led hy Sir David Tweedie. He has recently accepted a new term as chairman of the board which will take his leadership into the 21st century. Until last Thursday it was difficult to find anyone who thought he was doing a bad job. The E&Y paper was an attack on what UK accounting might become under Sir David.

current values in order to give the balance sheet pre-eminence over the profit-and-loss account, and to chart the wealth of companies from year to year so that accounts can be used as decision-making tools. But Mr Paterson has said all this many times. What is different this time is that the firm felt the need to make the attack in a highly public way and thereby to criticise the standard-setting process. The argument runs that the board smothers dissent and, abetted by much of the rest of the profession, seeks to keep the standard-setting process at a low temperature. Unless met by overwheiming opposition, their argument goes, it pursues

Those who support E&Y say that generally some more "sun-shine" should fall on the standard-setting process. Adverse responses to draft standards could be publicised, for exam-

Sir David's defenders would point out that the E&Y paper has fundamental faults. The "private agenda" argument sits awkwardly against the board's latest progress report in which Sir David repeats the objective of financial reporting: "That financial statements should give information for users' decision making.

It is pretty clear from the

It alleges that the board is qui-etly putting in place an agenda to replace historical costs with public record that Sir David thinks accounts should do more than record transactions over the past year. In lauding the virtues of the Operating and Financial Review - the new, and popular, narrative analysis section which the board wants companies to print in the annual report - he says: "This is financial communication rather than mere financial reporting."

A fundamental flaw in the E&Y paper, according to the board's defenders, is its attitude to the wider international scene. E&Y claims that on the one hand the ASB's framework "does not resemble that used in any other country ... " hut later that "it bears some similarities to equivalent frameworks heing developed in other countries".

For many this is the beart of the matter. The hoard's priority is to maintain the UK's influence in the development of international accounting. This is not a secret, but the conclusion of the board's progress report for 1995. This priority has emerged in the recent past and is now the

board's guiding star. Arguably the three most powerful figures in the development of a global code in accounting are Mr Jim Leisenring, deputy chairman of the Financial Accounting Standards Board of the US. Sir Bryan Carsberg, director

general of the International Accounting Standards Board, and Sir David. The UK cannot afford to be out of step.

The board is caught between several large power blocks. On the one hand the economic influence of the US dictates a leading role for the Financial Accounting Standards Board. Sir Bryan's growing influence bas been fuelled hy the backing of the European Union. The planned endorsement of international accounting standards by the world's securities regulators in 1999 will add further weight to what is becoming an unstoppable bandwagon.

The hoard believes its framework of principles gives it an agenda in step with the other great powers - and in some important respects one which anticipates developments. As future standards will spring from

these principles it follows that the UK will often find itself either ahead of, or in line with. developments leading towards harmonisation.

Without harmoniaation companies would have to prepare two sets of accounts if they wished to raise overseas capital - analysts would not be able to understand, or possibly even believe, what they read in UK accounts. Second, the more out of step the UK is the les leverage it will have to preserve, if only in part, its own distinctive code.

NIANY AT LHCH & ISA Row brews over pace of energy reforms

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By Robert Corzina in London

Britain's Has and elething Britait - Fin on a time the state the the state and the state of the

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M5 CLIP Spottistory director general of Ofga is the situation was "ganted to become a standal". Sportist orac was in Plyen to launch a publicity carrie for the first that plast dig competitive among belling tion households in th southwest No such and planned by the electroities BRALES. and while antibelieve the money sills the 1998 deadline

Mr Suppor Littleblag electricites regulator and any perter at liberatisation is Been verta ert ab some a state for not showing affer Jeast this a movem about WOR'TED FOR THE ST THE PTT Matent's pluss to pre mil a signaturnete a those: EMATEL PLOTING DAS SE FEIDINGER TY ST. C'S IZE

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t is hard to imagine a UK government accusing Tesco, Sains-bury and their like of selling too cheaply, and so tightening its legislation governing the distribution sector so that some supermarkets say they will have to raise prices of their main products by 3 supermarkets bad stayed out of baguettes. to 8 per cent.

Frequently using industrially But that is what the French govmada frozen dough, some superernment did last week. It markets have been aelling baguettes for less than FFr1, or announced it would tighten a 1986 one-sixth of the price charged by many local boulangers. Some 5,000 law so as to clamp down on aggressive discounting and redress the balance of power which it claimed of the latter took to the streets of had shifted too far towards the Paris last spring to complain. large retailers - the grandes sur-Last autumn, small shopkeepers faces - and away from their suppliin Bordeaux also vented their frus-

ers and shopkeepers, tration at high taxes (for which they blamed the government) and It was another sign of the tendeclining sales (for which they dency of French governments to blamed supermarkets) by smashing regard competition not as a natural up part of the centre of the city, state of affairs, but as something whose mayor happens to be Prime requiring regulation and re-regula-

FINANCIAL TIMES MONDAY MARCH 4 1996

Minister Alain Juppe. President Chirac has always had an open ear The tide of complaints against to the classic Gaullist constituency the supermarkets has been rising for some time, but it might never of small husiness and farmers, who feel that supermarkets have have reached flood level if the depressed prices for their produce.

Battle for baguette supremacy

THIS WEEK

DATELINE

Paris: the French government has moved to prevent the supermarket giants from indulging in predatory pricing, writes

David Buchan

indeed, some of the supermarket chains feel they got better treatment from the left, which saw the grandes surfaces as generators of jobs that would be filled by people more likely to vote socialist. The

presidents of two such chains, longer to pass on special rebates. ucts with a longer shelf life, the Auchan and Promodes, are being investigated for allegedly bribing a socialist on the committee responsihle for granting planning permission for new supermarkets.

So, the French state has now done a U-turn. Having once encouraged supermarkets' development in the 1970s and 1980s as part of a counter-inflation strategy, the gov-ernment is now confident enough of low inflation to allow a change of tack. It is planning tougher definitions of predatory pricing and tougher means to prevent supermarkets indulging in it. The supermarket chiefs have

reacted angrily. Daniel Bernard of Carrefour, who tronically received from the hands of the prime minister the Nouvel Economiste magazine's prize of Manager of the Year for 1995, claimed that, unable any

PEOPLE

Carrefour would have to raise the prices of its 500 main products by 3 to 8 per cent. Of course, bread poses a special

وكنامن النجل

problem in France. Not so much because of its place in the French diet, but hecause the stuff goes stale within a day. This requires daily trips to local boulangeries many people cannot get to out-of-town bypermarkets that often.

try's biggest seller of micro-comput-ers, while Leclerc claims to he the The government ceased regulasecond biggest seller of books - and ting the price of bread nearly 20 externally, hy setting up subsidyears ago, hut boulangers still have iaries selling lower quality goods at to get permission for their summer deep discounts. Naturally, many small shopkeep-ers have suffered, while the Félix holidays from the local prefet whose joh is to ensure a rota whereby every quartier has at least Potin chain of small shops has just one boulangerie open all year. My gone hust. This long-established local boulangere groans whenever the prefet tells her to stay open in chain of some 1,300 shops, mainly in the Paris area, was an interest-ing attempt to combine the econothe dead month of August. mies of large-scale central purchas-

Yet, in virtually all other prod-

ing and the friendliness of local corner stores. But recent mismanage ment has made its prices anything but friendly.

Almost the only segment of this sector which seems to be growing is the shop run by north African immigrants, shops which stay open all hours. While French law restricts opening hours, it does not apply to the employment of family members, so labour inspectors generally leave well alone.

The success and popularity of French supermarkets is something which their government and smaller rivals are having difficulty coming to terms with. In a similar way. France is finding it hard to credit the foreign fruits of its greater competitiveness. Despite the fact that France's trade surplus has been rising for several years, reaching a record FFr105bn in 1995. many of its cilizens are still moaning about "mondialisation" of its economy, and its dire effects on them. Some people are never happy.,

he can resist taking close interest in PepsiCo's soft drinks business. Coca-Cola, watch out,

Hostetter and the mass-market heavies

Amos Hosietter, co-founder of Continental Cohlevision, has been recognised for 30 years as a rose among the thorns of the US cable TV husiness, acrites Christopher

Parkes in Los Angeles. After last week's \$10.8bn merger with US West, the regional Baby Bell telephone group, he will be enmeshed in the densest thicket. From running an independent, tight-knit. 1.2m-subscriber operation with a reputation for socially responsible and prompt service, he is now a prime mover in a network that embraces US West's cable partner, Time Warner, and bas close links with Turner **Broadcasting System and** Tele-Communications inc. The unruly grouping - which includes the colourful Ted Turner

and TCI chief John Malone who once said he would like to shoot the top telecoms regulator - has cable connections to 30m US bomes.

There are suriking contrasts between the mass-market heavies and Contineutal. In New Hampshire, where it leads the market, for example, Continental has provided all schools with free connections to a classroom network cahle, allowing more economic use of scarce teaching resources.

The wider cable industry, preparing to compete with the marketing-led telephooe carriers. has much to learn from such good citizenship - and also about what Hostetter last week described as "a new world ... a totally competitive communications environment. Like his competitors, be had seen change coming. "It will take three or five years after a rewrite of the **Communications Act for the** changes to become clearly apparent," be said last year. In the event, they became crystal clear last week. The plus side was someone saw value in telephony by cahle, said Marc Nathanson of Falcon Cahle. And the negative side? "The idols and pioneers of my life are selling out."

Talking softly, and carrying a big chip

Charn Uswachoke has guanxi, writes Ted Bardacke

Alphatec occupies only half a floor

in a nondescript huilding slapped

on the top of a sbopping mall -

t is surprising to hear a man who speaks so softly talk so big. Yet what Charn Uswachoke, the driving force hehind Thailand's Alphatec group of companies, lacks in charisma he makes up for in guanzi - connections that make his goal of turning Alphatec into the world's largest semi-conductor manufacturer seem attainable.

Along the way, the 51-year-old Charn is single-handedly yanking Thailand's electronics industry into the upper echelon of high technology: the manufacture of silicon wafers, the raw material needed to assemble computer chips.

Alphatec's 10 companies already control about 10 per cent of the world's semi-conductor market, and with four new plants - including a recent \$1.2bn (£700m) joint-venture with Texas Instruments - to come online by 1998, Charn hopes to outpace, his Asian rivals and achieve \$5bn in turnover by 2000.

Thailand's rapid progress in 10 years from a simple assembly base for consumer electronics to a place that hopes to rival Taiwan and South Korea in chip manufacturing is unlikely to have happened without Charn. But it almost never happened at

an introduction to the Wanglee family, not known for venturing into risky businesses, and used it to take

Charn is neither a hands-on engi-neer nor a financial wizard. Instead, knowing both worlds, he apecialises in marrying Sino-Thai capital to western technology and expertise. A classic Thai facilitator, Charn is flexible and modern enough to give the Americans who run his businesses freedom to innovate, yet at home with the old ways of Thailand's big Chinese families, who are his backers, Many of Thailand's high-tech companies, such as Shinawatra, Loxley and TelecomAsia, have used this formula with great success. But Charn has taken it to an extreme.

The names on Alphatec's board of directors, such as Wanglee, Boonsoong and Phornprapha, read like a list of Sino-Thais who control important areas of the economy. including banking, finance, car making, property, trading and food. Yet Alphatec's top dozen execu-

tives are all westerners: former colagues and competitors of Charn. Their resumés spout names such as AT&T, National Semiconductor, Phillips, Cypress Semiconductor Texas Instruments and Fairchild Semiconductor. Charn maintains that "this is all for Thailand." The chairwoman of Alphatec, Waree Hawanonda, is a former director of commercial bank supervision at the Bank of Thailand, the most venerable of Thai government bureaucracies. Outside Alphatec factories, Thai flags fly prominently. Royalty lay new corner stones. Remarkably, Charn, a Sino-Thai, does not come from a prominent family. His birth was not attended by blg-time business connections. He had to cultivate them. His first hig break was in 1988, when he got

over the Thai operations of Signe-tics from Dutch Phillips. "I got an introduction through a

friend of mine who was an executive at their bank," he says. "They didn't understand the electronics business well and they also are very conservative. But they looked at me and trusted me and believed in me." Now unbashful about the informality of Sino-Thai banking relationships, Charn says be describes a project, explains how it will make money - and everyone smiles in agreement. "The details," he says. "are left to other people. They are just a formality. in principle they have agreed to lend to us and in Thailand we keep our word, our promise. Some people might have a problem with the banks but you have to get to know the people at the top level and then it's easy. We do business bere from the top down

Desplie concerns that he may be over-extended - debt at the Alphatec group will soon be larger than equity - Charn has always kept his operations of Indy Electronics and word. Bankers are knocking on his. Digital. Testing Services - highdoor. Thailand's two largest banks, value, low-volume assembly, test



Charn Uswacboke; hopes to outpace his Asian rivals

famed Hsincbu science park. All this will be added to Alphatec's existing capacity in integrated circuit (IC) manufacturing, packag-ing and testing; a new IC facility in Shanghai; the telephone equipment assembly business which Alphatec bought from and runs for AT&T; machine tool and plastics support companies; and the former US operations of Indy Electronics and

NAMES INCH

retail chains have come into their

own. These supermarkets bave not

been forced on the French people,

who now buy FFr1,000bn worth of

goods from the top 10 distributors.

Some of these hypermarkets are

colossal - the 1,000 largest average

5,700 sq m. They have diversified

internally - Carrefour is the coun-

PepsiCo trembles

event at PepsiCo, the US soft drinks, snacks and fast food group. It has bad only two chief executives since it was formed 31 years ago. reports Richard Tomkins in New York.

So Wall Street has been pondering the announcement that Roger Enrico is to succeed Wayne Calloway on April 1. Calloway, 60, bas a reputation for a steady.

low-profile approach, preferring to delegate responsibility. Although the group has grown strongly under his leadership, he has never cut the same dash as, say, Roberto Goizueta, the chairman and chief executive of Coca-Cola.

But Enrico, 51, head of PepsiCo's fast-food restaurant division, is an aggressive, hands-on manager with

Others criticise Charn for not a flair for innovation and breaking with the Thai developmarketing. In the 1980s, when bead

of the soft drinks division, he took

credit for forcing Coca-Cola into its

operating profits jumped 19 per cent

disastrous launch of New Coke -

later writing a book, cheekily

entitled The Other Guy Blinked:

How Pepsi Won the Cola Wars.

Enrico then transformed

on lip of a fresh Enrico era

A change of leadership is a rare

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all. After 11 years in the US, Charn returned - unemployed - to Thailand. He had no grand vision of building an electronics empire. He returned because his mother called him, and told him to do so. "For many years I stay alone, cook for myself, do my own laundry - do everything by myself," says Charn of the 1970s, which he spent bouncing around jobs at several well known US electronics companies

after earning his MBA in finance. "I couldn't take it anymore."

In many ways, Charn still operates alone. Working from his modest beadquarters in Bangkok -

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THE WIDE OPEN SPACES

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DETAILS OF FACT FINDING VISITS

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Bangkok Bank and Krung Thai Bank, along with the governmentaffiliated Industrial Financial Corporation, each offered to put up the entire \$800m Charn needed to finance his portion of the Texas Instruments plant. Charn split the financing equally among the three. The Ti plant will be Alphatec's . second wafer production facility. Earlier in 1995, the company broke ground on a \$1.5bn fabrication plant, called SubMicron. Two more are on the way. All will be in Alphatechnopolis. Charn's high-tech production and research centre, roughly twice the size of Taiwan's

and research operations in Californ la's Silicon Valley.

Together, these businesses will allow Alphatec to do what no other company can: produce customised chips seamlessly within one operation and cut normal cycle times (of

20 weeks) in half. Along with the financial doomsayers who do not understand Charn's relationships with the banks, his biggest detractors are those who cite Thailand's chronic shortage of skilled labour as Alphatec's main obstacle. In fact, Charn is using his own experience to solve this problem hy recruiting educated

relies on foreign expertise, is limited in its ability to generate new ideas and products. Charn accepts that the structure he has created is nothing new, but says it has mouldbreaking potential.

Thais like himself who have settled

overseas but would like to return. "There aren't a lot of them, but

there are Thais with PhDs working

at TI, Motorola, intel 1 say let's

recruit them. I am an example for

those people about what can hap-

pen if they come back. And they

want to come back to make it hap-

ment model, which, because it

pen in Thailand," be savs.

"We have to go step by step. Ten years ago the industry didn't really exist in Thailand. We don't have the PepsiCo's snacks division into a world sector leader. Most recently, he has made good progress in people now. So the first thing is to turning around the troubled become a production centre and restaurant division. Last year. its bring in expatriates. In the longer to \$867m (£563), Predictably, term, we have to start to work with the schools. Then we can innovate. PepsiCo is playing down the prospect of radical strategy It can't happen all at once." Charn wants to make it happen

changes. But, given Enrico's background, it will be surprising if as swiftly as possible.



Stephanie Flanders · Economics Notebook Reducing the debt burden

The world's largest industrial democracies will, in the next few weeks, attempt to solve an old-fashioned problem - how to stop the world's poorest economies from slipping even further

The G7 governments must spend the next few weeks deciding whether to help the world's most indebted poor countries help themselves. The Mexican financial crisis put the thrills and spills of emerging markets at the top of the agenda at last year's spring and autumn meetings of the Interna-tional Monetary Fund and World Bank. But ministers and officials attending the 1996 meetings have a more old-fashioned problem to address: how to stop the world's poorest economies from slipping even further.

Any World Bank economist will tell you that the first step in helping these countries escape poverty is to reverse the bad policies that have blocked their development. Overcoming resistance to this type of sweeping policy reform is hard enough. But, for many, there is a further obstacle to growth: the burden of paying off large amounts of debt, big chunks of it to the same multilateral institutions that have been urging them to reform.

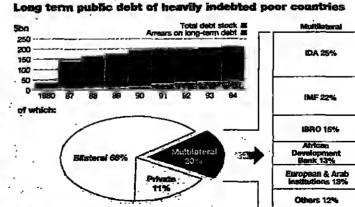
According to the World Bank, 41 of the world'a poorest countries have "unsustainably high" external debt, This means that the present value of their total debts to individual donor countries and multilateral institutions is more than 220per cent of their exports. Between them, these heavily indebted poor countries (HIPCs) owed more than \$200bn to outside donors at tha end of 1994.

Most observers accept that some of the HIPCs will need special belp in reducing their debt burden if economic reform is to be translated into long-term growth. The disagreement is on the details: which countries need extra support, who should provide this and how,

The Bretton Woods institutions. particularly the IMF, have traditionally argued that the debt burden, as opposed to poor economic policy-making, is a serious obstacle to growth in only a few countries. They have also claimed that any measures of debt forgivenesa should start and end with the bilateral donors. Not only are the latter responsible for two-thirds of the total deht, but, unlike the bank and the fund, it is likely they can write off large chunks of these ohliga-tions without compromising their positions in international financial markets.

These arguments have taken a battering in recent years from pressure groups such as Oxfam. First, the critics pointed out that having a large stock of debt could have long-term costs over and above the direct financial burden of servicing it. Foreign investors shun a poor country because of fear of future debt crises; domestic investment is beld back because companies believe that the proceeds will be taxed to pay back foreign creditors; and scarce administrative resources and talent are diverted from domestic policy priorities in a continual round of re-financing and rescheduling negotiations with foreign donors.

Second, critics noted that donor governments bad made some modest efforts to lessen their part of the "debt overhang", in a series of agreements reached under the auspices of the Paris Club. Donors have resented the fact that the World Bank and the IMF, as "preferred creditors", often seem to be the true beneficiaries of bilateral debt forgiveuess. Multilateral deht accounted for around one-half of the debt service payments made by



HIPCs in 1994, compared with onefifth in 1980.

Faced with such a barrage, the World Bank has made something of a strategic retreat, although it has had a difficult time persuading the IMF to go along with it. Last year an internal bank memo admitted that up to 23 of the 41 HIPCs could face difficulties reducing their debt to manageable levels, even given highly optimistic forecasts for economic growth.

The authors' suggested solution was to use a mixture of bilateral and multilateral funds to create a new "multilateral debt facility" which would help these countries pay off the unsustainable portion of their multilateral debt.

This idea did not go down too well with several member governments, or with many at the IMF. The latter said privately that four countries, at most, faced a serious problem, and even these would be better helped by using more traditional methods of re-financing.

for the moment at least, it is not clear that a solution is going to be offered to any country. In principle, the IMF has agreed to the idea of selling off a chunk of its gold reserves to make its soft loan arm, the Enhanced Structural Adjustment Facility, a permanent facility which could be used to help countries re-finance their IMF debts.

For its part the World Bank has no similar pot of gold, hut many insiders admit that its reserve requirements and provisions for bad loans are excessive. So it, too. could probably come up with significant amounts of money for specific. deht-alleviating measures.

The problem is that this "extra" money could be used to help other desperate countries. Several of the largest sharebolders of the bank and IMF are unconvinced that writing off the debts of a few countries ought to take precedence over other claims on scarce aid funds.

Why, they argue, should they reward countries that have so mismanaged their affairs they cannot repay the softest of loans, when the same money could be spent supporting the good behaviour of other, equally needy, countries?

There is no simple answer to that question, except to re-state that the countries concerned are among the world's poorest. One possibility would involve granting debt forgiveness-cum-refinancing for good behaviour. This would echo the IMF's approach in such countries as Zambia and Peru, which bave beeu able to build up eligibility for official debt re-scheduling in exchange for having complied with specific IMF policy demands. To forgive debt in this way would lift the extra debt penalty that now hangs over these countries.

resolving some, if not all, of their differences over the extent of the problem. Officials are now pondering proposed solutions for debate next month in Washington. The new paper states that around eight of the 41 HIPCs cannot be expected to achieve sustainable dabt burdens in less than 10 years, even on the heroic assumption that all anticipated economic policy reforms, export growth and re-scheduling of bilateral debts take place.

However, a leaked copy of a joint

IMF/World Bank staff paper sug-

gests that the two organisations

bave gone some way towards

A further 12 or so countries are defined as "possibly stressed", in that they cannot be expected to reach sustainable levels of debt in less than five years. Oxfam argues that both institu-

tions, particularly the IMP, are carefully minimising the problem so at to avoid having to find large sums of money for a solution. But,



MANAGEMENT

Peter Aspden finds today's leaders are encouraged to learn elusive arts rather than scientific skills

The new manager, boldly going.

anaging a husiness used to be a straightforward affair. But today's practitioners are under hilosophers and a variety of other unlikely gurus.

The latest in a series of bewildering books about bow to succeed in life and business takes its cue from the late 23rd century. Make It So: Leadership Lessons from Star Trek purports to be a first-hand memoir of tha adventures of Jean-Luc Picard, captain of tha USS Enterprise. It is mildly entertain-ing and wildly improhable.

But it is also meant to be a serious text on leadership. "While the past affords us the opportunity to learn many useful les-...we can also gain insight for today sons. by giving some thoughtful consideration as to what lies ahead for us," pontificate the authors, Wess Roberts and Bill Ross. And what better insight than to imagine life on hoard a spaceship with an android, a Klingon and assorted interplanetary misfits?

If you are taking it all too seriously, you need How to Make Work Fun, David Firth's racy collection of tips on how to bring a smile to your work-station. "Disclaimer: There are two lies in this hook. This is one of them," he starts winningly. And then some serious fun. Firth urges us to steal pencil sharpeners ("ultimately futile, but strangely satisfying"), Blu-tack graffiti to the toilet walls, and take Polaroids of colleagues "that show just how silly they look when they are concentrating hard". All this to support his core ideas: "Work is crazy: work is scary; work should also be fun".

Then from the world of sport there is Will Carling, England rugby captain, favourite of the gossip-columnists and, now. self-styled management guru. Carling's rec-ipe - as he extrapolates lessons for top managers from his experiences on the field in his book and tape, The Way to Win: Strategies for Success in Business and Sport - is always have a vision, and you will win in business just as in sport.

As the above examples show, the idea of management as a set of learnable, scientific skills is less pervasive in the eclectic, intellectual climate of the 1990s, Management books and courses are proliferating, each offering its ostensibly unique - and sometimes bizarre - insight into the elusive arts of business and commerce.

But if managers of the 1990s have never been offered such a rich - and eccentric diversity of theories, the question remains as to wbether they are any use.

George Bain, principal of the London Business School, has observed the trend taking root in academic circles: "The management field is characterised by fashions, which have different lifecycles. When management education got going in the mid-1960s. It was seen as a science with testable bypotheses. Now it is seen much more as an art. There is an emphasis on the 'softer' skills, or what people call the 'touchy, feely' stuff."

Although Bain resists the suggestion that soft skills are a soft option - "you could argue it is more difficult to teach people bow to become good communicators or how to improve their inter-personal skills" - the changing view of management has allowed

any and every theory to flourisb. Today's management gurus stress the



position yourself in the market. Now it is about action, about being able to cope with whatever the world throws at you," says Bain. Many best-selling management authors tap into this feeling of uncertainty to produce their flighty remedies. Tom Peters, warming to his theme in his Libera-tion Management: Necessory Disorganisation for the Nanosecond Nineties, writes: "If you don't feel crazy, you're not in touch with the times! The point is vital. These are nutty times. Nutty organisations, nutty peo-ple, capable of dealing with the fast, fleeting, fickle are a requisite for survival ... If the marketplace has 'turned epbemeral' on

us... then we must turn epbemeral, too." Peters and his fellow epbemerals borrow liberally from current affairs (Francis Fuku-yama's "end of history" thesis), science (chaos theory and fuzzy logic), philosophy (the displacement of "truth" implied by next medaral(m) and august forminem (the post-modernism) and even feminism (the championing of "soft", intuitive skills over cold, intractable logic).

The result is to portray an unconfident

ever-changing demands of the new world. Even if you avoid the new wave of literature because you find it puzzling, you may be sent on a management course by your employer. Courses, too, were traditionally conceived as a supplement to add new skills. Nowadays, you could find yourself crawling on a carpet building Lego bridges; assembling a tent while blindfolded; being woken unexpectedly at 6am and asked to compete in an outdoor pursuit.

Alan Howard, a chartered psychologist for CPCR, a management training company, says unusual outdoor exercises can help people who work together to see things in a fresh way. "They are partly bonding exercises, partly a chance to discuss real buslness issues at the same level and free of interruptions," he says. But even at the most intense level of

anagement training - the full-time MBA things are changing. Here one finds a more considered, but no less radical, re-evaluation of what it is to be a business manager in the late 1990s.

snic Brivs was a cointed dean of the

taken np by all participants this year - of spending four days in a Benedictine monastery to discuss business ethics with the monks and a senior executive.

Briys says: "I was worried about the traditional approach to business ethics - bere is a dilemma, bere is a solution, just like any other business decision. And a business school is hardly a neutral place." So be set up the monastery retreat with the belp of two monks who were HEC alumni.

He believes the true education of business people must be as broad as possible. "We take people whose average age is 29, who already have professional experience; they may have a family, and they are breaking their careers for 16 months, which is a big step. So our aim is to give them ideas from fields that apparently have nothing to do with management."

He does not believe this represents a retreat into gobbledygook or intellectual faddism; rather the reverse. We always aim to take a long-lerm view. By introducing environmental, ecological, etbical to train th to understand what the marginal cost of anything is to mankind. "If business people are going to make important decisions about the future, they need a cross-sectional view. Then, they can do what they like - that is politics. But they

must have no way of saying: 'I did not know'. We are trying to make people more responsible.

This more reflective, philosophical approach to management education is gaining currency even among the notoriously pragmatic British. Brian Baxter is director of Kiddy and Partners, a London firm of corporate psychologists whose clients include American Express, Hasbro International, Bass and the Automobile Association. His courses unashamedly espouse a "post-modern" view of management: that you have to deal with a world in which traditional beliefs are tragmented, there are a plurality of voices and, consequently, multiple approaches to strategy.

Baxter eschews simplistic notions such as Carling's sports metaphor for business success. He says managing people in husiness today more closely resembles the mounting of a theatre production: "Peopla come together in short bursts, and then go away. ft is a much more fluid notion than the old Idea of the manager-coach in charge of a happy team, which makes many assump-tions about the capitalist work-ethic."

He also lectures his clients on the famously difficult French philosopher Jacques Derrida, whose emphasis on "deconstructing" meaning has found many follow-ers in fashionable parts of the academic

world hut few, as yet, in boardrooms. But Baxter says his clients are fascinated rather than frightened by Derrida's ideas: "It is all about exploring areas at work which are not normally legitimised. It is helping an organisation realise that you cannot just impose male, Wasp (white, Anglo-Saxon Protestant) values in all your business dealings, for example. It is not just politicsl correctness, it is about bow to allow other values to emerge.

"Businessmen and women have a very practical reaction: if this is post-modernism at work, then we could do with more of it. They come to understand that we are not actually uncovering meaning in the world but we are making meaning in a messy, turbulent environment.

But there are those who remain sceptical. Clive Fletcher, head of psychology at Goldsmiths College, London, sees the flourishing of extravagant theories, as evidence of the insecurity felt by today's business world.

"There has been savage social and economic pressure over recent years. Many managers are now doing the jobs of two or three people. There is a desperate search for something to hold on to, a way of making sense of the world. But there is not going to be a single management style for the year 2000. There is no simple answer.

"There is emphasis on innovation, but eople only innovate from a basis of psychological security. There is lip-service paid to the 'long-term view' but all the pressures are against strategic and visionary thinking. Businesses still have to live in a world interested in immediate results.

"There is a big gap between what is being said and what can be done.' And what about those self-help manuals,

the surging prose encouraging us to shed our anxieties and embrace the new world with a vigour we scarcely knew we possessed, the cerebral attempts to impart us with a new-found wisdom?

Fletcher is unimpressed. "Everyone in

demoralising thought did not occur to me until the end of the day when

l saw a fax from the union MSF

urging all employers to give tha

£880 they had allegedly saved to a

Why is it that labour bas not

managed to get an extra return on leap day? Capital has done it: the

banks are charging interest for 366

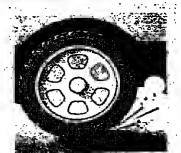
days this year. If I were a member

of MSF f would rather that my

union dropped its fanciful sugges

tions and went back to the old fash-

national training fund.



No. 1986

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CONFEME

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FAST TRACK TecnoLogistica

When two Italian venture capitalists set about building a warehouse and distribution. company they decided to think. big. They suspected that volume would bring rewards in Italy's fragmented and under-developed market for integrated logistics

services. Fabio Sattin's Chase-Gemini Italia Directional Fund and Paolo Colonna's Schroder Venture Holdings set up a holding company called GLE in early 1992 after buying Astru and SLL two warehousing companies in the Milan area. By the end of last year their group, renamed TecnoLogistica. comprised 26 companies and had become Italy's leading contract logistics company with a quarter of the outsourcin market and estimated 1995 turnover of L500bn (£210m). TecnoLogistica believes that

in winning warehouse and distribution business from large retailers in service industries it has barely scratched the surface and is alming at 15 per cent growth in sales a year.

"We wanted to find an interesting market and approach it in a creative way." says Sattin. "The logistics sector was growing and companies wanted to contract out so as to concentrate on core activities."

Pirelli, the tyres and cables manufacturer, did this in December 1992 by selling to the newly established TecnnLogistica its Eintrasporta logistics activities and by taking

a third of the equity. At this point Alessandro-Degiorgi, aged 55, was recruited as chairman from a subsidiary Pirelli was selling in Germany. "Two things attracted me -creating one company out of many with varied control . systems and convincing. customers to outsource."

Last June, TecnoLogistica, based at San Giuliano Milanese on the outskirts of Milau; notched up its 26th scalp by taking 51 per cent control of Domenichelli, a trucks company with the receivers. Sales grew from L273bn in 1993 to L391bu in 1994 with about 60 per cent ofthe growth generated by acquisitions and the rest from . new clients. The same pattern was repeated in 1995 but

a rapidly coab world and people's ability to respond to it. Flux, flexibility, creativity are the new buzzwords; there is little room for the quiet accumulation of technique which used to characterise the subject. "Traditional buslness strategy used to be all about how to

t was first thing in the morn-ing and f was not looking my

best. I was wearing a perished

swimming costume and my

bair was squeezed into a tight red

cap. A few feet away was one of the

FT's most respected columnists. He

was not looking his best, either. "Hello", I sald averting my eyes

from his tiny swimming trunks and

from his belly which was sticking

world in therefore, is the point of teaching skills and techniques that could be redundant tomorrow? Better to reform your personality (more borrowing bere, this time from the

MBA programme at France's prestigious HEC School of Management in 1992. He set up a syllabus that included sessions on art and philosophy. Now, managers are given lectures on medieval painting from specialvocabulary of psycho-analysis and self-im-provement) to enable you to deal with the ists in the Louvre. They have the option -

Exercised by etiquette in the gym

interest in saying: 'Yes, you can re-invent yourself. But the evidence is that, beyond the age of 25, your core personality attributes remain remarkably similar. We simply do not change and develop as much as we would like to think."

giorgi expects new orders to lead the way shortly. TecnoLogistica estimates that

2.5

25. 40

State in the second

30 per cent of logistics services in the UK are contracted out,. compared with only 12 per cent : in Italy. "Companies are too small to offer what enstomer need in terms of adequate insurance, security and information on the flow of goods," says Degiorgi. "It sounds illogical but I should welcome a big competitor to create more demand." Multinationals are pot tempted to cover the whole of Italy because demand is ncentrated north of Florence. Degiorgi estimates Italy's outsourcing market in logistics will grow from the current L2,000bn to L5,000bn over the next five years. He is targeting . big retailers whose warehouses be says, are too numerous and too small and who could save about 20 per cent of costs by. outsourcing.

ioned - though in this case justified Degiorgi wants to add a dry foods division to an armoury that is strong in electronics and especially healthy in the automotive industry which accounts for a third of turnover. . He expects further acquisitions and a gradual merger of subsidiaries to prepare TecnoLogistica for a stock market listing within three or two more of those tantalising brain four years.

John Simkins

to the chief executive on the step machine as to the office messenge The usual hierarchy is gone, but in its place is an alternative one in which the fit lord it over those who look close to a coronary after two minutes on the exercise bike. It is all thoroughly embarrassing. What are you meant to do when you see your boss purple in the face, sweating away on the treadmill? Ignore

out over the top of them. Most people can cope with their colleagues in the familiar surroundings of the office. Men and women and seniors and juniors have all learnt bow to exchange pleasantries by the coffee machine. But put the same people in the gym, take their clothes off, bathe them in sweat and it is a different story altogether.

The gym presents a serious problem of workplace etiquette. Many big companies - such as the FT bave corporate membersbips at local sports clubs, while others have gyms of their own. Gyms are peculiarly egalitarlan places: you are just as likely to find yourself next

him, or bounce up and say Hi! For swimmers there is a salva-tion. At least half the people in the the pool are partially sighted either because their goggles have steamed up or because they have left their glasses by the side - so it is quite acceptable for the other balf to pretend to be blind too.

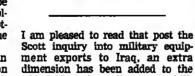
In the gym (or so I am told by acquaintances who use it) the problem is worse, especially for women. Most women's gym clothes are entirely unsuitable: what is the point of going to all that trouble to dress professionally at work if you are then to parade yourself in scanty crimson Spandex?



Then there is the difficulty of cess Diana and be thankful for choosing suitable reading matter to small mercies. At least no one is pass the time as you work away on trying to take your picture. the machines. Is it all right to be spotted reading Hello! if your colleagues seem to be diligently swotting up on a report or reading the

The gym also introduces an unwelcome new area of competition into office life. Beware those colleagues who surreptitiously race you in the swimming pool, or who gloat over the fact that you are only on stage one of the Stairmaster. One answer is to stop going to the

gym. Failing that, keep your eyes straight ahead of you, think of Prin-



dimension has been added to the whistleblower's parliamentary bill. Those who rat on their colleagues will be protected from victimisation so long as their disclosure is in the public interest.

ft would be nice if the bill could be further amended to make it apply to the bome as well as the

office. My busband has done some-thing which I cannot condone, that is clearly against the public interest and may also be in contravention of local regulations He has installed an enormous sil-

ver satellite dish on the back of our bouse. He has offended against every management technique in the book: there was no consultation, let alone any attempt to reach a consensus. No meetings, no nothing. After the event there was no grievance procedure, no mechanism for dealing with complaints.

Reluctantly, I am forced to blow - task of getting more money for the whistle on him. If anyone is reading this in the conservation the workers. department at the local town hall, take note: the dish is visible from the street. Now I need protection. He is ABB AB. ABB AG. These configurathreatening retaliation, hut so far tions of letters are the new names all he has come up with is an illegal that have been chosen for respec bonfire I bad in the garden. tively Asea and Brown Boveri. 1 could have sworn that they were

teaser sequences that we bave been Last Thursday (February 29) we all running in our Mastering Manageworked for nothing. Luckily this ment series on Fridays.



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MIT business students are learning how to deal in stocks and shares, says Victoria Griffith Trading floor lessons

and the second second

CnoLogistic a two italian saling t's Thursday night, and the Massachusetts Insti-tute of Technology's Adjusts and a spinite factors and a spinite party they devided to the there and a spinite there and a spinite there are a spinite (MIT's) MBA students are hard at work on the trading floor. Traders shout across desks and speak in hurried tones into their telephone handsets while stock prices

from Far East markets flash on

The students are not moon-

lighting as after hours Wall

Street dealers. The facility they are using is the new \$3m

(£1.9m) trading floor at MIT's Sloan School of Management.

dents the chance to test trad-

ing strategies, or just get a feel-ing for what a trading floor is like," says Jamie Raboy, a dealing room regular. "It will

give us a real leg-up when we

start working on Wall Street." The Sloan School has just

completed the facility, which

includes the latest in trading

software. Except for an area

set aside at the front of the

room for B lecturing professor,

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MARCH 6

The trading floor gives stu-

the computer screens.

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the space looks and feels like lar facilities for financial firms any modern trading room. around the world. The room On one wall, glowing green symbols from both the New York Stock Exchange and Nas-daq race ecross a hoard. Another wall has a row of clocks recording times in London, Tokyo and Cambridge, Massachusetts. Computers are hooked up to live feeds for price and volume data on 300,000 financial instruments in 29 markett Each of the

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in 29 markets. Each of the room's 23 desks has access to a Pentium computer and 25 tele-"There are a couple of other relevant information.

simulated trading floors at MBA schools in the US, but this is by far the most sophisticated, and the only one with a live feed," says Paul Asquith, senior associate dean at the school. "We have everything a top Wall Street firm has, and in some cases, we're even more

architects who have built simi-

was pulled together through equipment donated by suppliers. says Asquith. "I drew the line at cherry [wood] desks. though. After all, these are studeots. We thought Formica would do." The Sloan School hopes the trading floor will strengthen the ties between the financial markets and academia. To answer questions about bow

researchers obtained data from the exchanges. The live feed in the MIT trading room means theories can be tested far more quickly with first-band data.

The space was designed by Dyer-Brown & Associates,

markets work, academics have in the past had to rely on financial firms to furnish the Students at MIT practise for the days when they are Wall Street traders tined for the financial markets. The Sloan School has become beories oo how fast known as a gold mine of students armed with sophisticated new trading strategies. traders react to news for example, could Besides using the room to only be tested after test esoteric trading tecbniques, students say the floor gives them some practical experience that will be valu-

The ability to test trading commercial organisations and theories is key for MIT stu-dents, many of whom are desafter graduation. "Just being able to pull up the pages you

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students specialising in other areas of husiness such as corporate finance.

1 States

need on Reuters will impress

employers." says Rahoy.

According to Asquith, a oum

ber of Wall Street firms are

already talking about visiting

Craig MacC

husiness at the University of the trading floor to see what the studeots are working on. Chicago has received its largest gift - a \$15m (£9.7m) donation from former MBA Scieotists from other parts of MIT will also be able to test trading theories through the student Eric Gleacher. facility, and it will be used by Gleacher, whose investment bank was acquired in 1995 by the UK's

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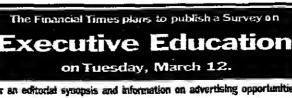
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SPORT / ARCHITECTURE

Showjumping's fall from grace | Cambridge gains

Keith Wheatley finds sponsors following a departed TV audience

The British Show Jumping Association has just published its list of owners' winnings for 1995. Everest, a company that has dominated showjumping in Britain

12

for nearly 30 years, was in eighth place with £67,502. That doesn't sound like much money, and obviously

the same thought occurred in Everest's boardroom, for it has now ended its sponsorship of a sport that seems to be in rapid decline in Britain.

Top of the earnings list was Michael Whitaker, with £232,648. That sounds e fair amount of money, but looks less if you study the earnings figures in other sports.

Two good tournament performances on the European tour would net a golfer that kind of sum, and be only travels with a caddy. An international showjump rider must take to the road with a vast lorry, a string of horses eating their heads off, and several grooms. Top showjumping stars Michael Whitaker and his brotber. John, as well as David Broome, have recently lamented the sad reality that, to stay solvent, a British rider must now spend the biggest part of the season competing in continental Europe.

Everest obviously took a hard look at showjumping's visibility in Britain - and didn't like what it saw. For a company that needs large audiences to sell a lot of double-glazing. It no longer made sense to spend millions each year on a promotional vehicle that was ceasing to function.

"In the heyday of sbowjump-ing on the Beeb [BBC], they were selling so much product tbrough that exposure that they didn't need to advertise on commercial television. says a source at the British Show Jumping Association. With last week's death of legendary showjumping heroine Pat Smythe, Everest's decision may mark something of a watershed in the country that practically created showjump-

ing as a professional sport. "[Everest] has been a fantastic spousor, and I li be so sorry



John Whitaker on Milton: television is a paradise tost for showlumping

to see them go," said John Whitaker when the news broke. He was an Everest rider, along with brother Michael and Nick Skelton. The higgest worry for sponsors is the decreasing amount of broadcast time given to showjumping. The Horse of the Year sbow no longer bas millions glued to their TV sets. Indeed, the remaining fans

are becoming vociferous. The letters page of the latest edi-tion of the magazine *British* Horse, sent to 65,000 members of the British Horse Society, contains an anguisbed plea from a Midlands reader asking the BHS to intercede with the BBC and get more borse sports

back on television. 'First it was Horse of the Year Show, then less and less racing coverage, and uow Olympia, 1 am worried that Badminton and Burghley [horse trials] will be next." wrote Karen Wright of Kings Norton Last year's annual pre-Christmas show at Olympia in London had the strongest international field of competi-

tors for some years, and was a

sell-out in the grandstands, but the cameras stayed away. lu its defence the BBC replied tellingly: "One impor-tant factor we must hear in mind is that viewing figures for showjumping and programmes like the Horse of the Year Sbow have been falling for a long time now. If an event no longer receives support from the viewing public, we bave to look very carefully at whether it can command such a high priority in our sched-Flicking through One Jump Ahead, an autobiography Pat Smythe wrote in 1956, one is struck by how BBC television made enormous efforts to get

footage of Smythe and ber horse Flanagan at the Stockholm Olympic games. In terms of media stardom, she was the Sally Gunnell of an earlier generation, out it is hard to imagine a contemporary rider enjoying such renown.

Not since the pugnacious Harvey Smith has there been a rider of such fame. Of course, the popularity of various sports on television fluctuates.

A decade ago, snooker clocked up massive ratings, hut has since slumped. Yet that, too, reflects malaise. Young men now seem to opt for the smaller and simpler pool table. This is certainly not the case with equestrian sports gener-ally. Whether one looks at busy pony club gymkhanas or the magazine racks at W. H. Smith, there is plenty of evidence that horsey activities have never been more popular. The problem may be TV's boredom with the traditional showjumping offering: a single borse racing the clock inside an arena.

Radicals such as Peter Lewis, a Kent breeder of showjumpers and dressage horses, believe that showjump-ing's format is dull and stale. He makes the point that if Linford Christie and other sprinters were to run alone down a track and have their times compared in order to find a winner, the 100 metre sprint would not be the blne-ribbon event of international athlet-

Lewis bas formed a combe interested."

an inspired library

Simplicity and use of natural light enhance the addition to Jesus College, writes Colin Amery

Christopher Wren at Trinity College. Cambridge: or the Codrington Library at All Soul's College, Oxford, by Nicholas Hawksmoor to be transported into rooms of such dignity and refinement they seem to imply intellectual dis-cipline as well as architectural order.

The Long Room at Trinity College, Dublin, sends the mind on a perambulation among volumes and columns designed to inspire elegant and elevated thoughts. In these early libraries there are always human presences, albelt in marble: ducal benefactors gain from their association with solemn husts of Plato, Anacreon and Isaac Newton.

the newer libraries in the older universities - but colleges still aspire to make their new libraries rooms of immense distinction

Jumping, to promote a new form of competition. Two Cambridge colleges. untouched hy recession, conhorses enter the arena together and then peel off to either side tinue to build for books as well to jump an identical sequence as students. Newnham bas added a vaulted room for rare books hy Joanna Van Heyninelectronically controlled jumps, hefore coming hack gen. St John's acquired new together to race down the cenlibrary space in a highly sensitre lane to a chequered-flag fintive spoi opposite the chapel where Edward Cullinan Traditionalist opponents of designed a successful and pleasing building. In the 1960s, the scheme have sneered at it as "Gladiators on borseback" -Chamberlin Powell and Bon a reference to the coarse, juvemade a splendid vaulted library for their brand new colnile, but bugely popular TV show that dominates the ratings both in Britain and the lege of New Hall.

Last week, Jesus College sbowed to the world its new college library - a competitionwinning design by the archl-tects Evans and Shalev. The college dates from 1496, when Bishop Alcock of Ely appropriated the Benedictine nunnery of St Radegund. It has a remarkably spacious

tionalists in the equestrian hierarchy will oppose it. That's slte and during 500 years has why I'm ignoring them and grown around its chapel and going out and talking to televicloisters while keeping a seose sion producers in Japan and of amplitude. Where to site the new library was a delicate deci-Germany, where they seem to sion, but the college had the

Some of the greatest rooms of the world are libraries. You only need think of the library by Sir ter's garden. The plan is that in time the library will be part of a new court with 60 residential rooms

and music and conference facilities. The competition was held in

November 1991 and the original eight entrants were reduced to two firms paid to proceed to the final phase. These were Evans and Shalev and Edward Cullinan and Partners. Winners Evans and Shalev began construction in September 1993. The library was ready in two years. Evans and Shalev are a suc-

> Jesus College library – it has an atmosphere of quiet contemplation

cessful practice. They have recently created two of the most successful smaller public buildings - the Truro Law Courts and the Tate Gallery of the West at Saint Ives. These bave mucb in common with the library at Jesus College. The planning of the law courts, with ramped circular waiting areas and intelligent mixture of public and secure space, makes for a highly accessible hut contemporary huilding. The library has just those qual-

The brief required space for 125 readers and 40,000 books. Computer terminals and electronic technology were assumed. As in the older, agreeable college libraries, the decision was to have room for reading among the books. That ruled out stacks and readers confined to the perimeter. The competition rules were that scale, mass and materials should relate closely to the existing college.

The architects chose as their source and inspiration the

buildings that were added in the 1930s and 1930s by the architect Morely Horder, The underrated Horder worked on private houses as well as com-

mercial or public buildings. His simple Tudorish build-ings at Jesus work beautifully and hridge some awkward gaps. Indeed, they inspired the new library in scale and materials. Horder used Tudor light coloured bricks and stoke and plenty of oak. Evans and Shalev responded by using the same brick for the library, with Cornish slate for the roof and Freuch limestone.

But there is nothing Tudor about the style of the library. Its success lics in the highly controlled plan. In construction it is a simple steel structure with some load-bearing masonry. That accounts for the incredible cheapness of the

The library cost only \$2.1m (\$3.2m), including lavender blue carpet and all purposemade furniture of elegant stained American ash. The college must be proud of such a sympathetic addition at such a reasonable price. It also fits brilliantly with the Horder **Chapel Court buildings. You** enter via a rotunda and take the stairs to the first floor reading room. The circulation works well. But the giant arcbed windows are slightly mannered. They allow ample light into the library but do not quite belong.

This is a highly pleasing new library for the undergraduates. It has an atmosphere conducive to contemplation, quiet and cool in Its palette, using as much natural daylight as pos-

Evans and Shalev make the plans of their buildings work well. Within a tight budget they bave produced double height spaces and a rotunda and reading space that is insplrational. This quiet, very Englisb extension to the ancient college is already much appreciated.

It is a tranquil and modest triumph.

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pany, called Revolution Show

"If any horse event could get

half the audience of Gladiators,

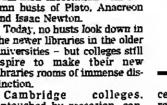
then as a sport we wouldn't be

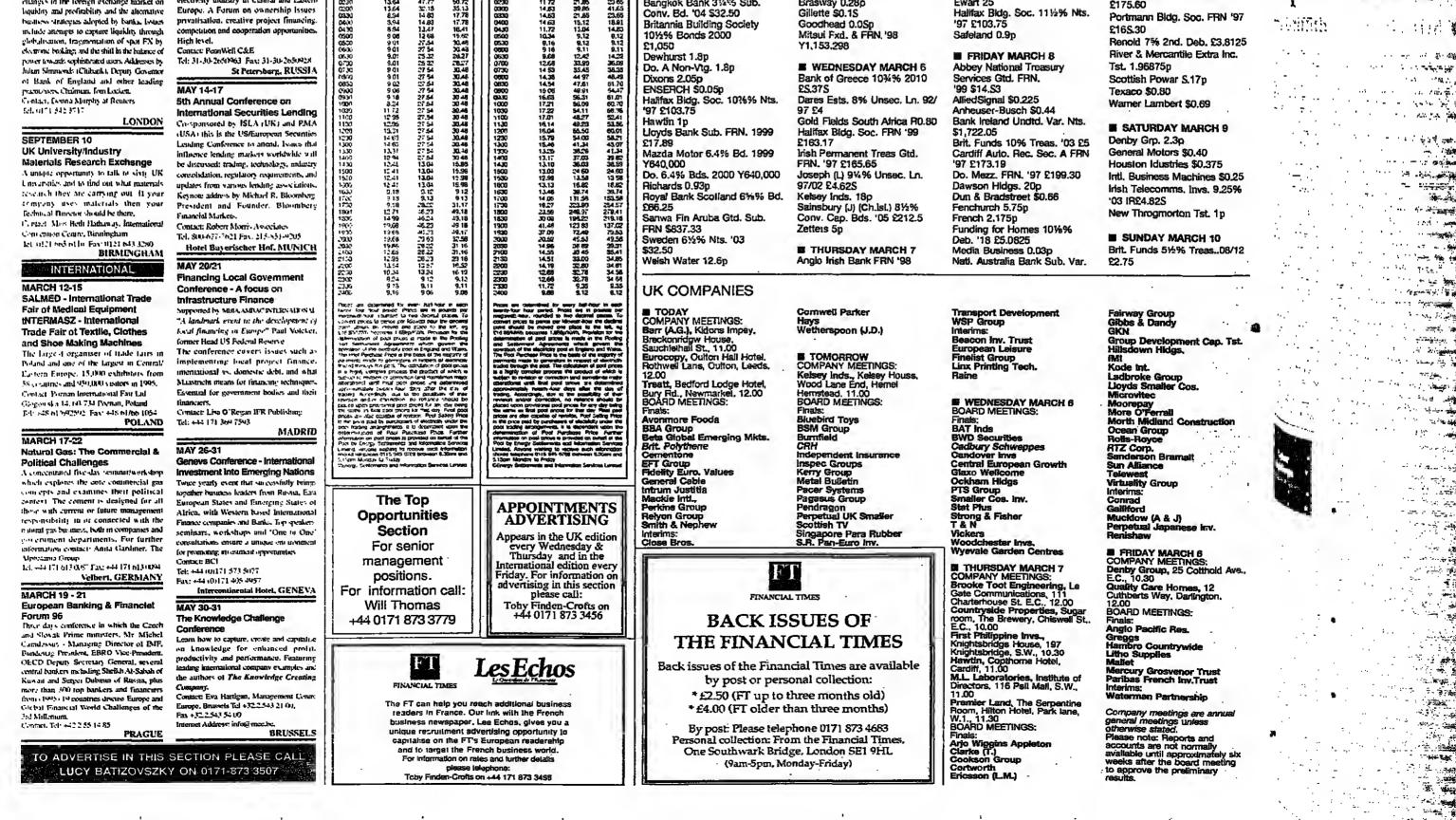
in this mess," says Lewis, who has sold his farm in order to

invest £100,000 in Revolution

Show Jumping. He says: "I know the tradi-

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26-21-22

net". Bengalis, famous for their rickshaw driving, are diverting infobahn traffic on to the slip roads of print technology. The manifesto that heads the page spells oot the idea. "The articles or posts - to use Internet parlance - published in this page come from the Bangladesh Internet news group called soc.culture.bangla-

enter the global village

enter the global viework-

ever, a curious partnership

between electronic and steam

age media in Dhaka, Bangla-

desh's capital, serves - for the

for its conservative design,

now features a weekly page

called "Live from the Inter-

ow can Bangladeshis desh . . . In this newsgroup, Internet users from around the world, mostly Bangalees, dis-cuss issues relevant to Banglaing without computers? Answer: with difficulty. Howdesh . . . The Daily Star reprints these posts verbatim (complete with English language errors] - just as they would appear on your compresent – as a stop gap. The Daily Star, an English language newspaper notable puter screen."

The page carries a disclaimer stressing that the Internet "is free from all sorts of censorship and restrictions. It is truly a people's forum" - thus ner-vously absolving the newspaper of responsibility for the opinions expressed. The Daily Star e-mails replies from readers back to soc culture bangladesh - and so the dialogue continues: an intriguing collaboration between an élite technology and a mass-market

designed to avoid upsetting different cultural groups. But the page can still be disquieting. A recent correspondence, bead-lined "The Human Laboratory: Who Cares if a Third World Woman Dies?", concerned a hirth control study involving surgical implants for women in the slums of Dhaka. The same page carried other e-mail from Finland, Japan and Australia. Bangladesh is one of two countries in sooth Asia without a full Internet connection (the other is Bhutan). It is among the world's dozen poorest countries, with a popula-

A rickshaw on the infobahn

tion of 120m and an official litmake expensive long-distance eracy rate of less than 30 per day to a Net host outside Ban-Although annual GDP per capita has risen to an estlgladesh, solely to download mated \$236 (£153), average and upload e-mail. wealth of the typical Banglaone. wealth of the typical pangia-The choice of items is deshi has fallen because of widpages and Islam-related discus-

Bengalis are downloading e-mail from Net to newspaper, writes Martin Mulligan ening inequality of income disslon groups on the Net are still at an experimental stage. While the growth of newspaalthough pioneering efforts are pers in Bangladesh has been startling - there are nearly afoot. notably at the Ford Foundation.

Some see The Daily Star's page as heralding the down of much wider Net awareness in Baogladesh. Others see it as pitiable hitchbiking on the global information highway. What everyone agrees is that the map of the world has been unsentimentally redrawn hy computers. On that map, north America and Europe are hot zones with high per capita computer ownership, while the developing nations tend to be

cold But linking the Net to a mass-market noo-computer medium, such as Dhaka's Daily Star, will at least raise Bangladesh's technological temperature by a few degrees.

BROMLEY . you for calling Nissan."

such a telephone conversation. Transpose the details to the PC industry, however, and the experience is wearingly familiar. Sooner or later, every serious computer user discovers some big prohlem with a software package; often, it takes hours on the maker's support line to dis-

design of the software itself. Part of the reason is the principle of backward compatihllity. To achieve their preseot market dominance, intel and Microsoft have long fol-lowed a policy of making sure new products can run the software written for older ones. That is sound commercial sense; in design terms, however, it has imposed bizarre constraints which make today's standard PC hard to use.

It is no coincidence that Apple machines and their software are simpler, and that the latest reliability survey in the US showed Macintosh customers more satisfied than

technical questions and answers. Many companies But software houses cannot blame all their product problems on operating systems and microprocessors. Too many applications are hastily conceived; and market pressures encourage companies to release products containing so

encounter the problem.

there are limits to what can he achieved hy putting infor mation online. I have used Microsoft's Kuowledge Base to solve problems with Word - and both times the data-base's search engine failed to find the answer,

There is a better response write software that works and is truly easy to use. Examples covered in this column include PCN, the advertisingbased news network, and AlphaBlox, the minlaturised suite of programs for Win-dows 95, The best case, however. is intuit's Quickeo for Windows. My experieuce ls that this program is as com-prebensible as any accounting package can be. When prob lems come up, the company bas a support line where calls are picked up by real people wbo understand both PCs and accounts. It is sad that this Tim.Jockson pobox.com

Surest way to kill a bug is by spotlight Good mornaoy other owners. able on the Net a database of

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ing, Nissan hot-line." "Oh, at last. 1 wonder if you could help me. I've got this terri-hle prohlem hatchhack l bought from you last week. Whenever I tune the radio to FM and switch the wipers on, I cao't open the driver's win-

Tim Jackson

dow." "Why not?" "Because if I do, the engine cuts out and the brakes fail." "One moment, sir, I'll look for information on the problem in our technical support

frustrating, sometimes expendatabase. (Ten minutes of Chopin) sive, hours calling technical "Ah, yes, I'm pleased to tell help lines, and all hecause the on that's a known problem. design wasn't right first time. We'll be rectifying it in the new model next September. ing. Microsoft, once the industry's higgest sinner, now bills its divisions for the cost of Our advice to customers is to avoid opening windows while operating the wipers. Thank supporving their products -

giving them at least some rea-As far as I know, no cusson to make packages more intuitive. The company spent millions of dollars on a vast tomer of Nissan has ever had outsourcing contract for its Windows 95 operating system, in which a handful of big computer companies were given the job of supporting users, its latest products contain TipWizerds - mini-programs that track what users are up to, and offer advice on cover the flaw lies to the how to do it better.

A more powerful force for change, bowever, may be a case that came before the New York Supreme Court a

already have such databases because their products are too complex for hourly paid support staff to know inside out. A good example can be seen at Netcom, the troubled US many flaws that they would never pass muster in any other industry. Software houses can get away with this as they do not bave to take full responsibility. Users who cannot get a program working often wrongly hlame themselves first. Those experienced eoough to realise the program may he at fault can spend

To be fair, times are chang-

Internet service provider. Net com posts questions and answers on its Web site. But it sorts them according to popularity so that customers can see the burning issues of the day, and can save time by reading the answers and applying them before they

Yet with larger programs.

What is needed is a radical change to the iodustry's approach to the ougs. Instead of hiding their flaws, software companies ought to see that it is in their long-term interests to list them publicly. Consumers know ibat a program occupying millions of lines of code is unlikely to be perfect if they can look through a list of known bugs before wasting time trying to run something tbat can never work, they will be grateful.

few weeks ago. Three owners of Leading Edge PCs sued the machines' maker for failing to provide technical support promised in the warranty. If software users begin to take the same robust line - and courts to award class-action damages against companies that ship bug-ridden products dozens of large software houses might suddenly take reliability more seriously. Yet there is much that could still be done. One option. already taken by should be so rare. Microsoft, is to make avail-



tribution.

famine

1,500 registered newspapers

and magazines - computer lit-

eracy is scarce in a country

experiencing an information

Bangladesh bas just six com-mercial Net e-mail providers;

an electronic hulletin board

system; and the Net news

group soc.culture.bangladesh (a

news group that is fairly hum-

ming in the wake of the coun-

The e-mail providers must

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Bengali-language home

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Hyperfiction reader delights in a plot that never thickens

Victoria Griffith unravels the tangled threads of Patchwork Girl

The word "graveyard" catches my eye and I click on. "I am baried here," reads the text ou my computer. I click on the word "buried" to see what lies underneath and up comes a beadstone with the inscription: "Here lies a head, trunk, arm . . . may they rest in piece (sic)."

I am browsing through Patchwork Girl, a recent addition to the slowly expanding volume of narratives called "byperfiction". Hyperfiction is written to interact with the reader. The text is composed in layers, meaning that the words bave blocks of text behind them. Readers are supposed to absorb the story in any order that catches their fancy. One hyperfiction writer defines it as "chunks of text joined by electronic links". Hyperfiction authors - a

asmall band of academic types - believe their work will save the written word in the world of multimedia. They hope the low overheads of publishing on the Net will allow them to reach their public at lnw cost.



ornia to the internet takes place oo Saturday, March 9 -Net Day '96 (www.net-day96.com). Sponsors, along with representatives of local high-tech companies and President Bill Clinton, are encouraged to contribute to costs or to help in the actual wiring up. There are now more than 11,000 volunteers and 640 corporate sponsors. A fine example of translating a virtual vision into direct action. • One of the glitziest and

most ambitious Web sites was launched last week when Disney set up its virtual theme park at www.disney.com, with information covering the whole range of the entertainment giant's activities. The highly active site includes

"Literary fiction is dying," Hyperfiction also faces intrinsays Stuart Moulthrop, a hyperfiction author. "No one reads any more. To save the written word, we have to use the Net to access niche audiences."

Hyperfiction emerged as an art form in the late 1980s. "One day, when I was writing. I realised that the paragraphs didn't have to be exactly in that order," saya Michael Joyce, an English professor at Vasser College and early hypertext author. "I began to conceive the idea of a more

fluid text, which could be read in many different ways." A mini-industry was born. The software company Eastgate Systems was formed in 1988 to publish hyperfiction on computer disks, and now has 26 titles. Yet despite the grandiose dreams of hyperfic-tion writers, many feel it will be a short-lived art form. tion."

Analysts point out that the World Wide Web and nther multimedia vehicles are mnving away from text, towards moving images and video.

resources can shape a site.

loadable demo is available.

material if changing your

career. Interesting and useful

information. In the UK, Reed

Personnel Services has links to other recruitment sites, for

example www.jobsite.co.uk for

IT, engineering and accoon-

tancy; or www.worknet.co.uk

coast. Very nice.

sic difficulties. While poetry nr descriptive parcative adapt well to an interactive style, it is nearly impossible to present sophisticated plot-orientated stories via hypertext.

"I was recently asked to do a demonstration of how a plotoriented story could fit into hyperfiction," says Moulthrop. "And I was damned if I could come up with anything that worked." Some critics believe byper

fiction is too chaotic and difficult to get through. Reading text on screen is nothriously thring, and the computer can sometimes get in the way of the story. Browsing in Patchwork Girl, I sometimes encountered a screen that said: "Storyspace has encountered an unexpected situa-Yet hyperfiction advocates

believe the form has not fully realised its potential. Eastgate's publications are available on floppy disk only. rather than in compact disk form, which would allow for

more imaginative presentations. A true hyperfiction novel, say aothors, would use the very look of the words themselves - the colour and height of the letters, for examnie - to convey meaning.

Hypertext anthors dream of being able to present their stories one day in three-dimensional form. German artist Jeffrey Shaw has already experimented with three-dimensional text with a

virtual reality simulation that replaced the buildings of a city block in Manhattan with letters of the same size. Read-ers bicycled through the tex-tual landscape, absorbing the feel and look, as well as the literal meaning, of the words. The longer-term success of byperfictioo on the Internet, however, may be determined by the willingness of cybersurfers to read, rather than to absorh images. "It seems to me that the Internet is looking increasingly like television. says Moulthrop. "I fear that one day text will be shoved permanently off the screen."

mes, sound, and video clips. for banking, law and manage-It has almost become my sixment year-old's screen saver and is Independent inventors and designers might find the Intelworth a look to see how huge lectual Property Creators' Site Meanwhile, if you're plan-(www.best.com/ ipc) interestning a holiday visit to the real-life Disneyland, the 1996 ing. It has about 50 pages of information on patents, copy-California Bed & Breakfast right and design protection. Guide is available on the Web Current, easy to browse data. (www.innaccess.com), with · For DIY-ers, the Polycell searchable details of more Products site (www.polycell. than 800 vacation spots and co.uk) has decorating tips and stopover locations on the west more than you probably ever wanted to know about wallpa-• Stock Data Corporation per. You can win vouchers by (http://stockdnta.inter. sending them your own DIY net/stockdata) provides price tip. Better than actually paintand volume information for ing the ceiling. International Financial stocks and indices tracked on three US exchanges. A down-Network (www.world-investments.com) is a source for America's Employers information on real estate, (unow.americasemployers.com) describes itself as "the job investment and business opportunities; primarily in the seeker's home on the inter-US and Canada, but also net" and is a good source of

sions available. contact you.

expanding to include the rest

of the world. In its early stages, but another quick-click listings option. Technoland by Flanders Technology International (www.flonders-technology.be) is a guide to the seven-day technology trade fair and con-

nication and other areas. Details of the 66th International Motor Show, to be held in Geneva from March 7 to March 17. are at www.ville-ge.ch/gve_guid/ evenemnt/autojs_autoe.htm, including info on the car-a-day lottery prizes. Interesting stuff. French and English ver-• Finally, www.stl.co.uk/etype has news of the sale of Jackie

vention in Belgium starting

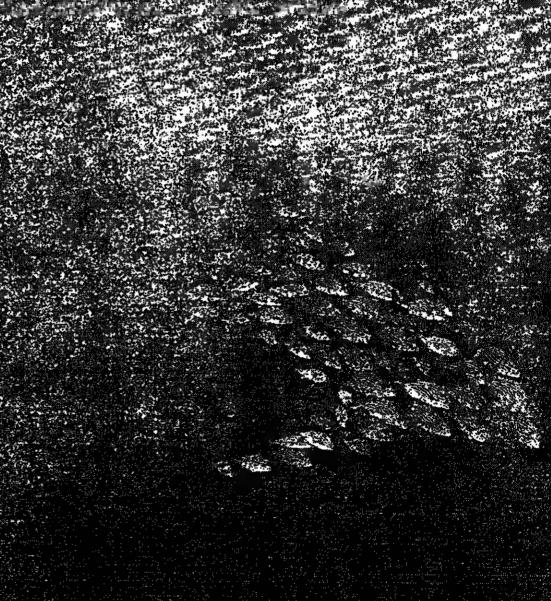
April 15. Covers housing,

working, production, commu-

Stewart's former 1961 3.8 series 1 E-type Jaguar. Find out about the car and, if you're interested in buying it (price: in the region of £40,000), you can e-mail the owner your number and he'll

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What shape is your business in?

New more than ever, successfulorganisations are the ones that can integrate all of their component parts. They move more swiftly. They re more adept at capturing new opportunities. Andersen Consulting works with the world's largest, most successful

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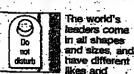
-organisations, heiping them reach ! new performance levels by aligning. their people, processes and techno-- logy with their business strategy. Using this polistic approach, we'll help reshape your enterprise to make the most of all your strengths.

Because in a market swithningwith predatory forces, that's what it takes to come out on too.



Aim to accommodate

. 14



dislikes - just like well-hee business travetiers. So the latter may care to imitate the former, and make increasingly stringent demands of the hotels in which they stay. Last week one of Thailand's

top hotels arranged a giant-sized bed for Heimut Kohl, the bulky German chancellor, and sanitised the Sultan of Brunei's suite to keep it collen-free. The chancellor and the sultan were

have different likes and

among those attending the flowers. But it used artificial

infimate wishes pandered to. Bangkok's Oriental hotel, by the Chao Phraya river, ensured that Kohi had plenty of room to stretch in bed. "Wa have had to extend his bed in length and width after getting confirmation he is exceptionally tail and big," a member of the hotel's staff was quoted as saying by a security source. "Wa rushed to accommodate him so as not to compromise Thailand's Image.'

Asta-Europe summit in

Bangkok. In all, the leaders of 25 countries had their most

Security sources added that the Oriental had decked its suites with bouquets of fresh

passengers last year: 200,000 more on foreign flights than in 1994, and 40,000 more on domestic routes. Its passenger flights had a load factor of 69.5 per orchids and other exotic Thai

blooms for the Sultan of

Brunel. Pollen makes him meeze. Another tip from the At least 233 top: Thais love visitors who order Thai whe. At one of the people have died from summit's dinners, Chateau de meningitis in Lost wine, from Thailand's north-eastern Losi province, Niger since January, the government said last week. Meningitis is the deadliest of was served instead of imported French stuff. four recent epidemics that have killed about 15,000 Passenger numbers up people in neighbouring Poland's state-owned airline Nigeria. Outbreaks of cholera, Lot says it carried 1.84m measles and diamhoez have also been reported in several countries of the Sahel region, the arid belt on the southern

Meningitis warning

fringe of the Sahara. The Niger health ministry said most of the daaths were cent last year, marginally up In southern Gsva region, near on the year before. ligeria, whose own

government sald it was grappling with multiple epidemics, mainly in the northern Kano state.

> Fury at crash record Anger is growing in Peru over what is seen as a lack of eir safety in a country which has suffered a string of aviation tragedles, Reuter reports from Lime There have been calls from all quarters for a thorough investigation of last Thursday's crash of a 28-year-old Boeing 737-200 - the worst air disaster in Peru's history - and for an overhaul of the country's fleet of aircraft.

The fleet is said to be

over-used and poorly maintained. Some aircraft. owned by Peru's six major airlines are as old as 45 years All 117 passengers and six crew members died when a domestic flight came down about 600 miles south of Lima. The outrage was ounded by evidence that the cause was a faulty

largely out of date,

turbine that burst into flames minutes before the alrcraft hit a hillside. Last November, the US Federal Aviation Administration listed Peru as one of a few countries worldwide that tailed to meet International aviation safety

standards.

Likely weather in the leading business cantres.

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Michael Skapinker is impressed by Singapore's Changi airport, where the staff smile, greet and thank passengers

A constant search for perfection

BUSINESS TRAVEL

hangi of Singapore wins most of the World's Best Airport competitious and those won by anyone else are not worth bothering with.

At which other airport can you soak in a Jacuzzi overlooking the runway? There might be another airport with a karaoke lounge, but do its terminal buildings boast emperor angel fish and feather duster

worms? The fish have imperially square heads and the feather duster worms waft back and forth in the current. They, with other local aquatic life, are in the Changi aquariums which, along with the foun-tains and the spacious termiuals, make this airport such a pleasure to use.

Not that Changi is perfect. The assistant in the clothes shop at Termina] Two was astonishingly snooty. The luggage trolleys are awkward: counter-intuitively, you have to press the brake handle down to get the trolleys to move and let go to stop them. And even though the airport is far less congested than many of its competitors, my Singapore Airlines flight to Loudon left 45 minutes late.

Getting to and from the airport can be a problem. Changi is not connected to the underground railway system. There is a bus from the airport to the city centre and the large hotels. It is extremely good value at S\$5 (£2.30), but Singathe ahility to recollect ads, pore's traffic means that the we're always No 1. So, no, I don't have plans to change our service's time-keeping is erratic. A taxi from the city advertising strategy. I think

centre to the airport costs only Changi could do things better. S\$15 hut finding one, particu-larly at the large hotels, can be "Heathrow - the way they handle that volume of traffic," difficult

marvels Ng Wee Hiong, Chan-But the impressive thing gi's deputy director-general. about Changi's managers is that they know they are not "We have a great deal of respect for Heathrow and Kai perfect. They constantly send Tak in Hong Kong. We have their staff to London's Heathfacilities they don't have. We row, Amsterdam's Schiphol admire them for the effort they and Frankfurt - airports which make with the limitations that occupy second, third or fourth they have, the way they innovata in the face of difficulties." places in properly organised competitions - to see how The most important advan-

tage Changi has that Heathrow and Kai Tak do not is space. Tha reason Changi has so much space is that is it largely built on land reclaimed from the sea. About half of its first terminal, which opened in 1981, is huilt on reclaimed land. So is the whole of the second terminal, which opened in 1990.

From the airport huildings, one can see the heavy machinery reclaiming yet more land

to build Terminal Three, which should open early in the next cectury. Operating under a more restrictive political system than many of its competitors, Changi does not have to submit its third terminal plans to a public inquiry.

This is a huge advantage over Heathrow, which wants to build a fifth terminal. Its managers are at present arguing their case before a public inquiry so exhaustively demo-

cratic that inquiry officials provide free office space to those opponents of the terminal who cannot afford their own

In contrast to Heathrow's restrictions on night flights. Changi operates 24 hours a day. Aircraft approaching and leaving the airport fly over the sea rather than over housing. Changi handled 23m passengers last year compared with Heathrow's 54m. The difference is that while Heathrow is

bursting Changi has enough space to deal with 35m and is expanding its existing terminals to cope with more. "Our policy is to keep capacity

ahead of demand," Ng says. Unlike Heathrow or Schiphol, Changi does not see itself as a transit airport. Only about 20 per cent of its passengers change aircraft at Changi. This compares with about a third at Heathrow and 40 per cent at Schlphol, Ng says Changi

would like to keep the proportion of transit passengers at its existing level. The airport's primary purpose, he says, is to serve visitors to the island and the large number of Singapo-reans who travel abroad.

There are facilities for transit passengers, the Jacuzzi among them. There is also a swimming pool which transit passengers can use, as well as a putting green, a gym and a sauna. The airport has a 50-room hotel for transit passengers. The karaoke lounge is open from 3pm to 11pm.

But as a government-owned airport, Changi's attitude to transit passengers is that they should be spending their holidays in Singapore rather than passing through. Anyone who is in the airport for a stopover of more than four hours is offered a free coach tour of the city.

The two-hour tour takes in Little India and Chinatown and other sites. The disadvantage of the tours - the airport runs eight a day - is that passengers cannot get off the coach because they are in transit and have not been through customs and immigration. The idea is to give them a taste of Singapore in the hope that they will come back.

The food at the airport should provide enough encouragement, as should the attitude of the staff. At the employees' entrance to the airport, there is a mural exhorting them: "Greet, smile, thank." They all do, except for the assistant in the clothes shop.

- A.

Sex kitten takes the cream

Thatever else changes it's a symbol. You shouldn't in the airline industry, the Singapore Girl will go on, writes Michael Skapinker, Some might regard Singapore Airlines' longrunning advertising campaign, with its sex kitten air hostesses, as inappropriate. hut the carrier has no intention of abandoning it. "That so much has heen written about it and that peo-

ple continue to talk about it vindicates our decision to con-tinue with it," says Cheong Choong Kong, the airline's managing director. "People recognise the Singapore Airlines ad. In surveys ou

take it too seriously. We want something that represents care and, after all these years, that's something women still do better than men." However effective Singapore Girl has been as an advertis-

ing campaign, anyone who has used the airline knows that it does not reflect the reality of Singapore Airlines' service. For a start, some of the

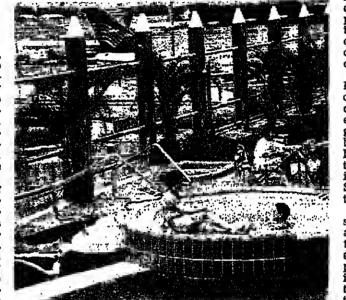
cabin crew are men, and many of the women are older than those in the advertisements. Nor are Singapore's flight attendants flirtatious or coquettish. What they are is supremely professional, with an extraordinary ability to remember passengers' strike. names.

Singapore is one of the world's few consistently profitable airlines. It ploughs hillions into new aircraft. How has Singapore managed to make profits in an industry where losing money is the uorm? "We're asked that question a lot," says Cheong. "I don't think our values are different from those of other airlines. They're the same motherhood values as everyoue else has. Perhaps we're

more religious in applying them. Or perhaps we have more luck." But Cheong acknowledges there is one difference between his airline and those in Europe, the US and Australia. He says: "The bottom line is we are never in danger of a

This does not, however, mean that he does not have to worry abont industrial relations. Singapore has a labour shortage and Cheong has to go abroad to ensure that the airline operates cost-effectively. Some of the airline's accounting services are done in Beijing. The airline has a joint computer softwara venture with Tata of India.

Singapore faces growing competition from British Airways, the world's other consistently profitable airline, which is upgrading its first and basiness class cabins. But if BA wants to learn something from lts rival, it could look at how the Singapore staff manage to ensure that the cabins and tollets are as clean on arrival as they were on departure.



In the swim: transit passengers can have a Jacuzzi at Changi

THE AMERICAN EXPRESS 'don't worry

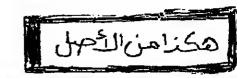
about it sir, I'll get those travelers

cheques and passport to you

come hell or high water "SERVICES

THEFT OF STATE AMERICAN EXPL

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Pre Teatro Regio's staging of Verdits BERLIN " cotsaro" was to have been The George Onliz collection of CO-produced with Britein's Royal Opera - unti the latter pulled Out because OF BCK OF money. Based on a PORTR by Byron 1 corsaro" has been rarely revived in modern times so Turin's decision to go shead on its own is commendable. Evelino Pido conducts a cast headed by Jose Cura (above, right), Enzo

ipuano and Marie Dragoni, and the first night is on Friday.

he Wagners are at war over their inheritance. Richard Wagner founded the Bayreuth festival in 1876, to provide the best possible conditions for his art. After he died, his wife and son turned it into a thriving family business, and Bayreoth has since established itself as the world's most celebrated music festival Now, amid accusations that it has become stagnant, a bitter struggle is underway for the Succession.

TURIN

Nike Wagner, great-grandaughter of the composer, has staked her claim to run the festival. She says it has lost its way under her 76-year old uncle Wolfgang, who has had sole charge for the past 30 years. Wolfgang has tried to sideline Nike and other members of the family, saying none is worthy to succeed him. Nike is tha first to challenge him openly. A 50-year old author and academic, she says it is time to sort out the festival's future and set it on the path to artistic renewal. Her controversial stance has

unsettled Germany'a cultural establishment, which treats the succession as taboo. It also puts her at odds with her cousin Eva. Wolfgang's daughter hy his first marriage, who is the favourite to succeed him. Unlike Nike, Eva has spent all her working life in the opera business. Although she has long been estranged from her father, Eva has steered clear of any controversy which could damage her chances, and prefers not to dis-

cuss Bayreuth. The next festival director will be elected by the governing board of the Richard Wagner Foundation comprising representatives of public funding bodies (18 votes), the Friends of the Festival (two votes), and the Wagner family (four votes). If there is insufficient support for a. Wagner, an outside director may be appointed.

A BOXAL

AMSTERDAM

Tokyo Quartet: perform Mozart's

String Quartet No.18 in A, Bartók's

String Quartet in F; 8.15pm; Mar 7,

String Quartet No.2, and Ravel's

Greek Music Series: guitarists

Evangelos Asimakopoulos and Liza

Zoe, planists Diana Vranoussi and

Karayevreki perform works by the

Viky Stylianou, cellist Dimitris Petres

CONCERT

Concertgebouw

Tel: 31-20-5730573

ATHENS

Athens Concert Hali

and mezzo-soprano Maria

Travios; 8.30pm; Mar 7

Tet: 49-30-203092100/01

BERLIN

CONCERT

Konzerthaus

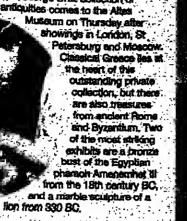
Greek composers Counadis,

Christou, Antoniou, Tenidis and

Tel: 30-1-7282333

CONCERT

The rules, drawn up in 1973 with Wolfgang in control. Nike says Wolfgang's sole con-Wolfgang's approval, allow him to cern has been to keep everyone remain director for life, and make happy. "The last time the festival no provision for illness or senility. This could strengthen the hand of renewed itself was after tha war his 51-year old second wife Gudrun. but that was 50 years ago. Bayreuth is no longer at the cutting edge of who is thought to harbour ambi-Wagner interpretation. The most tions for herself and her 17-year-old daughter Katharina. For the time interesting performances now take being Wolfgang enjoys good health, place elsewhere." and is busy planning the pro-gramme beyond the millennium. She believes Bayreuth should be a festival of ideas, constantly ques-Administratively and financially, Wolfgang has made the Bayreuth tioning the relevance of Wagner's works. Instead, it has become a festival an extraordinary success. marvellous commercial machine Far more peopla apply for tickets than can be satisfied during the which does scant justice to her great-grandfather'a injunction five-week run of performances each Kinder, schafft Neues!" (Children, summer. Tha Festspielhaus is in create something new). "Bayrenth has lost sight of its purpose," says pristine condition, and Wagner Nike. "What do we want of Wagner today? You can't just play Wagner and make a festival of it - that's too singers still regard a Bayreuth engagement as the ultimate acco-While acknowledging Wolfgang's easy. Wagner only survives if you skill as an organiser and salesman, know why you are performing it Nike Wagner saya he has allowed and what you want of it." She says the constant repetition the festival to stagnate artistically. of a narrow repertoire - The Ring She cites Wolfgang's own produc-tions and his penchant for internaand six other operas - gives a dis-torted image of the composer. "We tional opera stars like Placido Domingo and James Levine. She need to rethink Wagner. The chal-



C 51 12

FRANKFURT Photography in the context of contempo art is the theme of a maior exhibition defit

opening on Saturday at the Schim Kunsthalle More then 80 artists will show works including photographic series projections, commer advertising images combinations of text an image, threedimensional Installation and photographs created with 19th century techniques.

S



LONDON London cast The musical "Tommy" opens at the Shaftesbury Theatre tomorrow night.

The Abbey Theatre Dublin's production of Frank McGuinness's First shown on Broadway in 1993, play "Observe the Sons of Ulster this features music and lyrics by Marching Toward the Somme' Pete Townshend, formerly of The (above), directed by Patrick Mason, Who. Paul Keating (right) leads the comes to the Barbican Theatre on

Wednesday. Percussionist Trilok Gurtu is one of the most sought after sidemen in jazz. On Tuesday he brings his own band to the South Bank at the the beginning of a European tour which travels on to Switzerland. Germany. Austria and italy. The polyphonic vocal music of Le Mystere des Voix Bulgares comes to the UK this week. starting at the Festival Hall on Saturday



15

Theatre Hardy's 'Tess'

s far as adapting literary works for the stage is concerned, Victorian oovels L Soften pose the greatest problems. How to compress such broad canvases, such prolonged narratives, into two-and-a-half hours? In the case of Colin Mayes' and Mark Clements' adaptation of Thomas Hardy's novel, the answer is not to; their Tess of the D'Urbervilles clocks in at nearly 3½ bours.

By focusing solely on the story of Tess herself, Mayes and Clements back a clear and steady path through Hardy's sprawling richness. The few scenes in which she does oot appear coostitute only brief sidelights. The numerous locations are accommodated well hy Mayes' looming stone and timber set, which does service as a village square, a row of milking stalls, a country lane and, incredibhly, even passes muster as Stone-

henge in the closing scene. The adapters' greatest obstacle is in fashioning a theatrical whole ont of the hook. Tess's end is undoubtedly dramatic but in many ways is simply that - an end rather than a climax. Her saga of material and spiritual hardship has little variation in tone or intensity, even during her courtship by the idealis-tic, priggish Angel Clare. Faced with such a consistent emotional register, the audience never wholly gives itself up to the tale: on Tess's morder of her cold-hearted, two-time sedocer, Alec D'Urherville, the drip of his blood through the ceiling actually raised a laugh.

This is a modern reaction, a reluctance to submit to melodrama,



Bayreuth faces Götterdämmerung

The Wagner family is in turmoil over its musical inheritance, Andrew Clark reports

1950s and early 1960s. Wieland died never been played there he knows it, but he continues to use Ellen, Nike says, "there was room same school, Nike and Eva would in 1966, leaving his younger hrother ■ festival productions of Wagner it because he has nothing valid to for only one woman - the daughter make a perfect combination. But operas using a period instrument say against us. If yoo consider his or the new wife. It was a power Nike rules ont a partnership: "It own career and that of my father.

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in des. WHE NES SPX. contrasts this with the pioneering work of her father Wieland, who lenge is to change without destroying." Her manifesto calls for: performances of all Wagner's changed the face of Wagner interworks at Bayreuth, including Rienzi pretation in a series of challenging and other early operas which have productions at Bayreoth in the

Mar 7: 9 (4om)

7,30pm; Mar 7

Tel: 49-30-8813020

Mar 8 to May 12

THEATRE

Deutsche Oper Berlin

Tel: 49-30-3438401

DANCE

Ravel, Beethoven and Peris; 8pm;

Les Intermittences du Coeur: a

choreography by Roland Petit to music by Saint-Saèns, Wagner and

others, performed by the ballet of

the Deutsche Oper Berlin. Soloists

include Lisa Cullum, Mayumi

Katsumata and Franck Balbi;

Theater am Kurfürstendamm

orchestra

fringe events setting Wagner in the context of his contemporaries and tracing his influence on modern composers like Stockhausen a short winter festival at which operas with Wagnerian echoes,

such as Debussy's Pelléas et Mélisande, could be performed a fixed-term contract of 10

years for the festival director. Nike's problem is that she is little known hy tha mayor of Bayreuth and other key figures in the Richard Wagner Foundation. At present she can only count on tha support of her mother and three siblings. At least 10 other Wagners will have a say, and the family is notorious for disunity.

Her lack of management experience also puts her at a disadvantage. Nike says she would build a team of professionals and seek the advice of "creative staff" - she mentions the composer Wolfgang Rihm and the conductor Roger Norrington. Her husband, the Swiss musicologist Jürg Stenzl, would have a role - as would her brother Wolf Siegfried, whose career as a stage director is in limbo.

Dismissing Wolfgang's argument that none of her generation is qualified, Nike says, 'It's ridiculous and

they had no qualifications when they restarted the festival in 1951." he says it was legitimate

> to talk about qualifica-. tions when members of her generation were young. "But now we are middle-aged and have made our way in the world. Eva is well-qualified on the management side, whereas I come from the intellectual side. My brother has done stage productions. Even Gottfried. Wolfgang's son, has done a lot. We all hava an international horizon, we've worked in different countries, we can speak other languages. don't want to show off, hut the hori-

zon of our generation is infinitely broader than that of Wolfgang and Wieland, who were brought up with the narrow ideology of the Third Reich.

Her other point is that there is an "unspoken contract" for the family business to be handed down from one generation to the next. She says Wolfgang started to do this with Eva - allowing her to work at the Festspielhaus when she was young. but then banishing her when Gudrun entered his life in the mid-1970s. After he divorced his first wife

Marc Albrecht and performed by the

Maria Guleghina, Luis Lima, Franz Grundheber, Johann Till and Simon

Hamburg Oper. Soloists include

Die Winterreise: by Schubert.

Yang; 7.30pm; Mar 7, 9

LAUSANNE

CONCERT

Théâtre Municipal

Tel: 41-21-3101600

struggle, the Battle of the Queens was already there. As a result, we all feel disinherited. The Wagner family is what makes Bayreuth different from other opera theatres. Bnt Wolfgang thinks the family only brings him trouble."

Nike's published writings on Wag-ner and other creative artists demonstrate a clear analytical mind. She talks aboot the need to take Wagner more seriously. "If I became festival director, I wouldn't hire scandalous names and let them do whatever. Producers would show us their ideas and we would discuss them. We would pair conductors and stage directors who can work together constructively. We would continue to reserve the Festspielhaus for Wagner, hut we could do other things in other performing areas. Let's do a big Meyerbeer next to Rienzi, let's work oot Liszt in Bayreuth.'

Unlike Gottfried, whose muchpublicised festival critique is not taken seriously in Wagner family circles, Nike speaks with calm authority. An elegant, emancipated woman, she has some of her father's visionary qualities, just as Eva has inherited Wolfgang's practical skills. Born within two months of each other and educated at the

display includes works by Michael

Mar 7 to Apr 21

London Coliseum

Tel: 44-171-8360111

Dia Zauberflöte: by Mozart.

and performed by the English

Conducted by Christopher Moulds

National Opera. Soloists include lan

OPERA

Curran, Jaki Irvin, Keith Tyson, Mark Wallinger and Gillian Wearing. From

might pave the way for future quarrels if we repeat the pattern of our fathers. Someone has to have ultimate authority." Nike's reference to the bad blood

between Wieland and Wolfgang suggests the wounds have not yet healed on her side of the family. "In the eves of the world, the two brothers in power looked good, hut their relationshin deteriorated over the years. Wolfgang had equal rights to do stage productions, and Wieland could not tolerate his younger brother's plagiarism - the way Wolfgang imitated the style Wieland invented for Bayreuth, sneaking into his artistic ground. profiting from Wieland's hreakthroughs and all his struggles with public opposition."

Nike says she does not blame Wolfgang for clinging on to power 'like a little king". She adds, "It's human nature. He's very crafty, and he has his contract sewn up. All we can do is appeal to the conscience of the Richard Wsgner Foundation. They are responsible, they rent the Festspielhaus to the director. They know New Bayreuth has become old, that the festival has got stuck in a groove and people are getting tired of it. But they're timid, and that's why they remain silent."

Joseph McKee; 8pm; Mar 5

but Mayes and Clements are unable entirely to circumvent soch defences. As director. Clements is content to let the story do the work, aiming for clarity and through line rather than any great

delicacy. Tara Woodward ably shoulders the heavy obligations of the role of Tess hnt cannot succeed in making her propensity for suffering attractive; where a reader may consistently sympathise with her, an andieoce finds progressively greater difficulty in granting her that particular strain of theatrical Identification. Similarly, Chris Larkins' Angel Clare is hopelessly unrealistic and, after Alec D'Urberville's secood fall from grace, Blaise Doran so immerses himself in his character's melodramatic wickedness that he all hut twirls his monstache.

Neither a substitute for the novel nor a theatrical work in itself, this Tess makes for a long, narrow evening. It tells the story, but at the expense of both intellectual and emotional engagement.

Ian Shuttleworth

At Derby Playhouse until March 16 (01332-363275).

WORLD SERVICE BBC for Europe can be PARIS received in western Europe on Medium Wave 648 kHZ EXHIBITION Centre Georges Pompidou (463m) Tel: 33-1-44 78 12 33 Miguel Barceló: impressions d'Afrique (1988-1995): exhibition **EUROPEAN CABLE** featuring some 60 gouaches and AND SATELLITE watercolours, 15 small paintings, BUSINESS TV approximately 20 drawing-books and three ceramic sculptures. From (Central European Time) Mar 6 to Apr 29 MONDAY TO FRIDAY NBC/Super Channel: STOCKHOLM 07.00 Kungliga Teatern - Royal Swedish FT Business Morning Opera House Tel: 46-8-7914300 Don Quixote: a choreography by 10.00 Rudolf Nureyev after Marius Petipa to music by Minkus/Lanchberry, performed by the Royal Swedish

European Money Wheel Nonstop live coverage until 14.00 of European business and the financial markets

VIENNA OPERA

Ballet; 7.30pm; Mar 5, 8

DANCE

Wiener Volksoper Tel: 43-1-514442960 Wiener Volksoper: with conductor Cornel Trailescup perform Puccini's Il Tabarro and Gianni Schicei; 7.30pm; Mar 5, 8

WASHINGTON

CONCERT Terrace Theater Tel: 1-202-467 4600 Joseph Kallchstein: the pianist performs Beethoven's Sonata in F minor, Op.2 No.1, Sonata in A major, Op.101, Sonata in C minor, Op.13 (Pathetique), and Sonata In E major, Op.109; 7.30pm; Mar 7

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17.30 Financial Times Business

Tonight Midnight

Financial Times Business Tonight

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Conducted by Julius Rudel and

 Tosca: by Puccini. Conducted by Joseph Colaneri and performed by the New York City Opera, Soloists include Inma Egido, Allan Glassman, Mark Delavan, Richard Woods and

.

Camegie Hall Tel: 1-212-247-7800 Maurizio Pollini: the planist performs sonatas Nos. 22, 23, 24, 25 and 26 by Beethoven; 7.30pm; Mar 8 **OPERA** Metropolitan Opera House Tel: 1-212-362-6000 Madama Butterfly: by Puccini.

performed by the Metropolitan Opera. Soloists include Diana Soviero, Wandy White, Richard Leech and Juan Pons; 8pm; Mar 6. 9 (1.30pm) New York State Theater Tel: 1-212-875-5570

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Bostridge, Janice Watson and Peter Snipp; 7.30pm; Mar 6 Performed by bass Kurt Moll and **Royal Opera House - Covent** pianist Stefan Imiler; 8.30pm; Mar 6 Garden Tei: 44-171-2129234 Götterdämmerung: by Wagner. Conducted by Jun Märkl and performed by The Royal Opera. Soloists include Anne Evans, Vivian Tierney, Jane Henschel and Judith Howarth: 4.30om: Mar 5

NEW YORK

Barbican Hall Tel: 44-171-6388891

Corelli; 7.30pm; Mar 5

versatility of the moving imaga both on and off tha screen. The

LEIPZIG CONCERT Gewandhaus zu Leipzig Tel: 49-341-12700 I Musici di Roma: and violinist M.

Sirbu perform works by Respighi, Rota and Vivaidi; 8pm; Mar 8

LONDON CONCERT

The London Symphony Orchestra: with conductor David Reich and Neil Percy perform conductor Jin Wang and soprano The Hannover Band: with Erwartung, Lehár's Gold und Silber,

flutist Rachel Brown perform works by Handel, J.S. Bach, Vivaldi and EXHIBITION

ICA Galleries Tel: 44-171-9303647 Pandaemonium: in film's 100th year, this display celebrates the

Reich's Clapping Music, Eight Lines, Sextet and Tehillim; 7.30pm; Mar 6

Wigmore Hall Tel: 44-171-9352141 director/violinist Andrew Manze and

Institute of Contemporary Arts -

Robertson and percussionists Steve

CONCERT

Hamburoische Staatsoper Tosca: by Puccini. Conducted by

 Time of My Life: by Ayckbourn (in The London Philharmonic: with German). Directed by Martin Woelffer, starring Nicole Heestern conductor Franz Welser-Möst Joachim Bliese, Fritz Bleuler and perform Brahms' Symphony No.3, Sabine Becker; Mon - Sat 8pm, Sun and suites 1 and 2 from Ravel'a 6pm, Apr 7: 4.30pm & 8pm; from Daphnis et Chioè; 8pm; Mar 5 **GOTHENBURG** CONCERT

BONN

DANCE Oper der Stadt Bonn Tel: 49-228-7281 Ein Sommernachtstraum: a choreography by Yuri Vamos to music by Mendelssohn, performed by the Ballett Bonn; 8pm; Mar 5

BRUSSELS OPERA

Théâtre Royal de la Monnaie Tel: 32-2-2291200 La Calisto: by Cavalii. Conducted by René Jacobs and performed by La Monnale. Soloists include Olivier Lallouette, Rosemary Joshus, Brian

Rundfunk-Sinfonieorchester Asawa, Phyllis Pancella and Barry Berlin: with conductor Rafael Banks; 7.30pm; Mar 6, 9 Frühbeck de Burgos and pianist André Watts perform works by

COPENHAGEN DANCE

Det Kongelige Teater Tei: 45-33 14 10 02

The Triumph of Death: a choreography by Flemming Flindt after lonesco's play Jeux de Massacre, to music by Thomas Koopel. This work for 36 dancers is performed by the Royal Danish Ballet; 8pm; Mar 5, 6, 7, 8

FRANKFURT

CONCERT Jahrhunderthalle Hoechst

Tel: 49-69-3601240

Göteborgs Konserthus

Göteborgs Symfoniker: with

Rosemary Hardy perform the

overture to Schreker's Die

Gezeichneten, Schoenberg's

and excerpts from Mahler's

HAMBURG

Tel: 49-40-351721

OPERA

Symphony No.10; 7pm; Mar 7

Tel: 46-31-7787800

COMMENT -& ANALYSIS



16

The rich are getting richar and the poor are getting poorer. There is, conventional wisdom asserts, no more damning critique of modern America. The growth of inequality is seen as a social evil of gargantuan propor-tions. It is a pivotal issue in the Republican presidential primaries, with Mr Pat Buchanan, the conservative columnist, offering himself as a saviour for the supposedly down-trodden masses. Graphs and tables showing

how badly the poor are doing

ara endlessly reproduced in government reports and the media. This year's Economic Report of the President is typical of the genre. A promi-nently displayed bar chart shows that the real incomes of the bottom 20 per cent of fami-lies fell 15 per cent between 1979 and 1993, while the top fifth enjoyed an 18 per cent real increase. The headline reads: "Real incomes have fallen or stagnated for most American families since 1979." Yet President Clinton's advisers, like other commentators, fail to put such figures into context. There is a host of reasons for doubting that data on wages and household incomes accurately measure changes in living standards. income growth, for example, is almost certeinly under-stated because official indices overstate inflation. But set aside such objections, which 1 discussed in this column on February 19. Suppose the official figures are 100 per cent reliable. They still prove much less than the doomsters would have us believe.

What does it mean to say the incomes of the bottom 20 per cent fell by 15 per ceot? A natural assumption is that an unfortunate group of people at the bottom of the income ladder grew steadily poorer. A lucky group at the top, meanwhile, got steadily richer.

We could draw such cooclusions if the US were a caste society, if people were frozen in particular income groups. But this is not the case. The

Upwardly mobile The gnashing of teeth over income inequality ignores data

Michael Prowse · America

showing the poor often move into higher income brackets

Those who started poor in

tax returns. It also showed the

vast majority of those in the

lowest income bracket in 1979

rose to a higher grouping by

1988: two-thirds reached the

middle of the income distribu-

bottom 20 per cent today are not the same individuals as those at the bottom of the pile of the poorest in 1975 had reached the top 20 per cent by in 1979. Most people who pon-1991. The data suggest that tificate on income trends errobeing poor is not a permanent state for most people: less neously compare the fortunes of different sets of people. The only way to find out what is happening to real peothan 0.5 per cent of the Michi-gan sample showed up in the hottom quintile every year ple is to track specific individfrom 1975 to 1991. uals over time. Such tracking data is available and it paints 1975 typically enjoyed a much a far more encouraging pic-

faster growth of income than ture than the conventional those who started in the ton charts. In a fascinating recent quintile. People in the hottom paper*, Michael Cox and Rich-ard Alm of the Federal 20 per cent enjoyed a \$25,322 average gain in real income over the period. The increase Reserve Bank of Dallas analyse survey data compiled hy the University of Michigan. The Michigan data show for those starting in the top quintila was a mere \$3.974. Many of those starting out bow the fortunes of a specific poor got richer quickly: twogroup of people (chosen to be thirds of those in the bottom representative of the populaquintile in 1975 reached the tion as a whole) have changed top 60 per cent of the income distribution within six years. over time. We can see precisely how people at different Other attempts to track the incoma of real individuals paint a similar picture. In a 1992 study, the US Treasury income levels fared between 1975 and 1991 (more recent data are oot yet available), a analysed the period 1979 to 1988 using data from income period when the poor suppos-

edly got poorer. The results are startling. As the table shows, only 5 per cent of those in the bottom 20 per cent in 1975 were still there in 1991. The great majority had moved into the top

Moving up: the poor get richer faster

- 64	duintile 1975		Percent in contilie 19	0301
			2nd 3nd	
9 2	3 5th (highest)	0.9	2.8 102	23.6 62.5
14 P 3	1.94			
3-13	5 4th	1.9	9.3 18.8	32.6 37.4
2-10°	🧏 3rd (middle)	3.3	19.3 28.3	30.1 19.0
4. A.S. 4	2nd .	42	23.5 20.3	25.2 26.8
1.2.1	1st (lowest)	5.1	14.6 21.0	30.3 29.0
ar 120.	*			
5 Q	Income	Average	Average	Absolute
	quintile	income	income	gain
	2 1975 (\$ 1993)	1975	1991	
Sec.	Sth (highest)	45.704	2. 10 670	A CARA
	1423	1. Sec. 1. Sec		
20	44	122,423	S. S. 292	8.869
***	To and (middle)	13,030	22,304	9.274
0.9	2nd	6,291	28,373	22,082
- 25	1st (lowest)	1,153	26,475	25,322
A	Saurce: By Our Q	wn Fionstrand		

US is a highly mobile society. The people who comprise the bottom 20 per cent today are lifestyle, or better; 29 per cent mobility is somewhat less pro-mobility is somewhat less promobility is somewhat less pro-nounced than in the Michigan sampla hecause the period covered is much shorter. The tracking studies con-firm the US remains a land of

opportunity. At any moment the income distribution is far from equal. But people are moving up (and down) all the tlme. Mr Cox, economic advisar at the Dallas Fed, points out that this partly reflects normal life-cycle changes. Most young people (includ-

ing future doctors, lawyers and company presidants) begin working life in tha bottom 20 per cent, either as stu-dents or relatively unskilled entrants to the labour force. As their skills and experience grow, they rise up the income distribution; income peaks during middle age and then falls during retirement. The discrepancy between starting and peak earnings has risen sharply in recent decades, accounting for some of the rise in overall inequality.

Inequality seems a worse prohlem in the US than elsewhere partly because it has an unusually liberal immigration policy. The bottom income tier is constantly being replenished with new waves of immigrants, many of whom arrive in the US with no skills or assets. But they typically do not stay poor for long. It would be wrong to con-clude from the Cox and Alm study that nothing needs to be done to help the poor. Everyone agrees that improvements in aducation and training are important. But their analysis demolishes the notion that there is a rigid divide between

the "haves" and the "have nots". And it shows that much of tha pessimism expressed hy politicians reflects an inability to grasp the meaning of sim-ple statistics.

*By Our Own Bootstraps, from the Federal Reserve Bank of Dallas, 2200 N Pearl Street, Dallas, Texas, 75201, US.

Challenge to realise energy savings

From Sir Frank Gibb. Sir, Your editorial on "Green Labour" (February 28) contains a point which need clarifying. I would agree that energy efficiency measures usually require up-front capital investment, but it does not necessarily follow that other sources are used less efficiently and that the energy efficiency industry is

low-technology. An example is the condensing boiler. These use the latest technology to produce 15-20 per cent more efficient use of fuel. Though the up-front cost of the hoiler is higher, savings in fuel cost more than compensate for this. Another example is the energy efficient compact fluorescent light which uses an advanced technology that is being constantly improved. These lights use a fifth of the energy required by normal tungsten filament bulbs for the same lighting levels.

The Energy Saving Trust was set up by the government and the energy companies to promote the efficient use of energy in the UK. It is constantly looking for the technological advances that have proved effective in using energy efficiently. The trust has many examples which show costs of energy efficiency measures are cheaper than the cost of energy supply.

The biggest question facing the UK is not whether energy efficiency is too expensive, but bow the country is going best to finance the initial investment in energy efficiency, so that, as a whole, it can benefit from the resulting energy cost savings.

Larry Ellison is a personal

computer heretic. Rather than

Frank Gibb, chairman, Energy Saving Trust, 11-12 Buckingham Gate, London SW1E 6LB, UK

Commission's proposal to abolish the national veto "may he less earth-shattering than it sounds". There can be few

From Mr Russell Lewis.

asserts that the European

Sir, Your leader "An outline

for EU reforms" (February 28)

paper's illustrious name. So l

felt a small amount of awe

when I opened the pages for

the very first time, and read

Edward Mortimer's column

entitled "Surfeit of good

things" (February 28), His

economics is a necessary

opening proposition - "Free

you can have too much of a good thing." - was one I've

condition for free politics. But

time, and so I settled back, in

full focus, for his weighty

To my amazement, his

support for the above claim

involved an analysis of: Pat.

discourse.

areas of national policy more allowing national parliaments vital than foreign, security and defence policy. It is undeniable and governments which are responsible for the safety of that the national interests of their people and servicemen to be outvoted behind closed memher states differ widely. From Mr W. R. Hutton. Buchanan, the United Nations, Sir, I have always been a little intimidated by your

LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SE1 9HL

We are keen m encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax m 'fine'). e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Jihad, Portugal's 1974 McDonald's hamhurgers. every choice is left to the market the right to vote been grappling with for a long power to change anything." This, when boiled down, statist policies is that it interferes with the state's

Employed already bearing the costs

From Mr Peter Robinson Sir, I greatly enjoyed Pamela Meadows' contribution to the debate on unemployment "When growth fails the unemployed", February 27). She quite rightly pointed out that in order to reduce unemployment, those who have jobs must bear some costs in one of three ways: in the form of lower wages, higher taxes or higher prices. Is this not exactly what has happened in the last three years? The growth in wages has been very subdued and the government has raised taxes

significantly, not to fund job programmes, but to achieve a necessary rebalancing of fiscal, and monetary policy. And the result? Three years of steady economic recovery delivering rising employment and declining unemployment,

without any of the inflation or current account problems which derailed the Lawson boom. Unfortunately, those in work do not seem to like this benign recovery. The combination of subdued wage growth and rising taxes meant that in 1995 real take home pay for the employed fell for the

first time since 1982. Hence, why a balanced sustainable recovery bas co-existed alongside a feelbad factor.

sustain this recovery, and how to persuade tha politicians to level with the electorate by delivering the message that a sustained recovery demands . continued restraint by those in work.

Centre for Economic Performance, London School of Economics, Houghton Street, London WC2A 2AE, UK

To give one example: do we agree with Chancellor Kohl's You cite agriculture as an example of an area in which current assertive pro-Yeltsin majority voting is already used policy in Russia's elections? There is no surer way of and by implication with success. Surely this is the kind creating the conditions in which the European Union will split disastrously than by of "success" we can do without in foreign affairs and defence? Russell Lewis,

doors in Brussels.

director, The European Foundation. 61 Pall Mall, London SW1, UK III

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Not intimidated after a whirlwind tour

National defence policies decided

in Brussels sure way to EU split

unhappy Americans finding jobs in a changing economy, Russians, a Serb gunner in Adidas sneakers, the Islamic revolution, Shakespeare and His final and only real defence of "liberalism" (stated three times in three different ways, I might add) was: "If becomes meaningless, because the people you elect have no becomes the redundancy; the problem with getting rid of

control of things. While I did enjoy his whirlwind tour of recent history, I do not believe I gained any new insights into the application of the philosophy of politics from Mr Mortimer. For those details I may have to start reading the works of Aristotle, Jefferson, Ludwig

von Misis, and rereading the works of Avn Rand. But I will not be intimidated any more.

William R. Hutton. 2146 Sunnyvale Drive, Oakville. Ontario. Canada L8L 1W7

The challenge is how to Peter Robinson,

The vision of a heretic North America and Europe. Oracle is promoting a cheaper

Already, suppliers of compo-nents used in the prototype NC



For information and catalogue please write to: Audemans Piguet & Cue S.A., 1348 Le Brassus, Switzerland Tet. (41-21) 845 49 31. Fax (41-21) 845 42 14

cheering for the latest, fastest PC technology - as most of his peers do - the chairman and chief executive of Oracla insists that PCs are already far too expensive and complex. For the past six months, Ellison has been energetically promoting the concept of a network computer (an NC) - a \$500 machine that, when linked to the Internet or a corporate network, could substitute for a multimedia PC costing at least four times as much.

Last week, defying industry sceptics who said it would be impossible to build a multimedia compnter for such a price, Ellison demonstrated a working prototype NC built with parts costing less than \$300.

Before an audience of software developers in San Fran-cisco, Ellison put the NC through its paces, accessing the World Wide Weh, sending and receiving electronic mail and performing standard jobs

such as word processing. The NC not only matched the performance of a PC hut, in some ways, it was better. Playing video and sound clips from Internet pages, for exam-ple, is much simpler and quicker on an NC hecause the signals are played directly as thay are received over the Internet.

This eliminates the cumbersome PC approach which involves downloading the sig-nals to PC memory, storing them on disk and then processing them with a

"player" program. "This is what Bill Gates has called a 'dumh terminal'," Ellison quipped as the NC fired up a video of white-water rafters, accompanied by loud CD-quality music. Gates, chairman and chief executive of Micro-soft, the leading PC software supplier, has been scathing about "Larry's vision" for NCs. The NC turns the concept of a PC on its head. Instead of nutting computer nonvergent

a rC on its head. Instead of putting computer power and numerous application pro-grams on every desk, the NC minimises tha desktop unit and relies heavily upon tha power of network "servers" -larger computers that store data and software and service data and software and service the needs of all users linked to

In the corporate setting, the NC could be linked to an office "local area network". For the computer at home, the NC would ha hooked up to tha Internet. While admitting that the

alternative to the personal computer, says Louise Kehoe



Larry Ellison: 'There is a gigantic market in homes for NCs'

"NC will never replace the PC". Ellison contends that NC sales will overtake PC sales by end up with an entirely different computer than the PC. You design a device that is like a the end of the decade. "There TV, utterly worthless without is an enormous market in corthe network. But because there porations, an enormous and important market in schools. are networks, these devices are simple, low cost and enorand a gigantic market in homes for NCs," he says. "I personally think that there will mously valuable." While Oracle has developed the basic software needed to be more NCs sold in the year 2000 than PCs." get the NC off the ground, the

company's primary motive is to sell more of its flagship databasa programs. "Tha NC should create demand for more He voices complaints about PCs that are seldom heard within the computer industry, but all too familiar among PC servers and that is what we do but all too familiar among PC huyers. The PC is expensive to own, he says, and too complex and difficult to use. NC manu-als, he insists, will be no more than eight pages long. Ha likens tha 15-year-old PC to "an old house that has been continually remodeled". In con-trast, "the NC has been inverted in the 1990s to take - server software," said Ellifacture or market tha NC.

invented in the 1990s to take advantage of the proliferation of computer networks". He says: "If yon design a

He says: "If yon design a he produced hy some of computer that assumes the the top computer companies in existence of a network, you Japan. Korea, Taiwan,

big new market. In particular, Advanced Risc Machines, a sis-ter company of UK-based Acorn Computer, is hoping to break into the mass market with its high-speed, low-power microprocessor chips.

Even as he demonstrated the prototype NC, built using ARM's chip. Ellison announced his company was "working hard" to ensure that new models based on Intel Pentium chips would be available "at the same time or before" the ARM-based version was on the market.

Many manufacturers of PC circuit boards, which use Intel chips, could quickly reconfigure these products to make NCs, Ellison explained. The point is telling. From

the perspective of computer manufacturers, the NC is little more than a stripped down PC. Indeed, although Ellison claims to have persuadad intel of the benefits of the NC, the world's largest chip maker sounds less than enthusiastic

"We still think the main thrust for Internet access is a high-performance PC, Intel said. While the chip maker will not turn away husiness if demand for NCs materialises, it still regards the NC as a "niche product" that might achieve sales of a few hundred thousand a year rather than the tens of millions that Oracle

is predicting. Moreover, it seems unlikely that NCs using intel chips would sell for \$500, the price Oracle is targeting. Yet whatever the spead of

the chips, performance of NCs will largely depend on the speed of network connections. In his demonstration, Ellison used a high-speed digital tele-phone link to show off the NC at its best. In many parts of the world, such digital lines are expensive or unavailable

Oracle's dream of creating a new catagory of homa and office computers cannot come true until telephone companies or cable TV services upgrade thair networks to make Oracle has no plans to manuhigh-speed natwork links more widely available. The NC could ha tha break-Instead, Ellison has spent the

past few weeks touting the product to prospectiva computer and electronics through computer product of the 1990s, as Ellison suggests. manufacturers. While refusing to name any companies that will make NCs, he claims that NCs and NC components will It might also, however, join the names of Apple Computar's Newton "personal digital assis-tants" and the interactive tele-vision "set top hox" in the computer industry's skeleton cupboard.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Monday March 4 1996

Hard decisions for Australia

Anstralia's Liberal-National coalition takes office this week after an electoral landslide which surprised even its most optimistic supporters. It is far from clear, however, that the new government's commanding majority in the lower bouse also reflects a solid popular mandate to tackle decisively the country's most pressing problems.

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There is much evidence that voters were swayed less by enthn-siasm for the coalition's policies than by dislingionment with the outgoing Labor administration. After 13 years in power, Labor was widely judged to have lost lts spark, and Mr Paul Keating, its leader, to have grown too arro-gant. Economic malaise also played a big part. Though Austra-lia is in the fifth year of a recovery, unemployment remains above 8 per cent.

- Yet the campaign waged by Mr John Howard's coalition offered few fresh ideas. On most policy questions, Mr Howard elther implicitly endorsed Labor's approach or obfuscated. His cau-tion is understandable, after his party's mauling at the 1993 election when it espoused sweeping economic reform. But the tactic cannot help him as prime minis-ter. Among the most urgent tasks is to attack an underlying annual budget deficit now running at A\$9bn, or 2 per cent of gross domestic product. The shortfall is disturbingly large at this stage of . the economic cycle. More funda-

mentally, putting public finances in order is vital to controlling Australia's large debt burden and raising its chronically low savings rate.

Doing so will require tough choices, for which the coalition has poorly prepared the electorate. To slash spending, after promising bigger hand-outs during the cam-paign, would invite public cyni-cism. Measures to increase budget revenues - and redress a fiscal structure which unduly favours consumption over productive

investment - would prove equally controversial. All the more so if they involved the economically sensible option of a new indirect tax, which voters overwhelmingly rejected only three years ago.

Mr Howard's government faces other obstacles. Despite its strength in the lower house, minority parties retain the balance of power in the senate. They oppose the coalition's proposal partially to privatise Telstra, the telecommunications group, and may resist its plans for labour market reforms.

Mr Howard promised in the campaign to create a "relaxed and comfortable" Australia. That may be what many voters want. But it is no guarantee of future prosperity. That goal requires difficult declsions, likely to aronse short-term unpopularity. The risk is that Australia's new government has regained office at the price of its ability to govern effectively.

Nuclear sale

Negotiations for the privatisation els remains fiercely contested. Mr of the UK's nuclear industry have turned into a standoff. The question is which side will blink first the Department of Trade and Industry, or British Energy, the company created for the sale. On past experience, it will be the government. However, there are encouraging signs that this time

Ian Lang, industry secretary, should continue to play tough on this point. The government has rightly been criticised for privatising many utilities with unneces sarily well-capitalised balance abeets, in order to smooth the sale Instead, initial debt should be

ministers might be more robust. set as high as expectations of Conflict has. centred_on_two : cashflow will permit. The market'a view of the risk that earn ings will deviate from those estimates will then be reflected in the sale price. That risk certainly exists; in particular, prices in the wholesale market for electricity may fall. Contracts for supplying coal to power stations expire in 1998, which may allow costs to fall, while new plants are coming on stream. Lower prices could hit nuclear power's cashflow hard. as its costs are almost entirely fixed. Nonetheless, there is little point in trying to assuage those fears by over-capitalising the company. For a start, the government might well prove a net loser, in that the debt retained by the public sector might well exceed the enhance ment to the sale price. Moreover the market frequently over estimates such risks. If the fears proved exageerated, the shares might then perform embarrassingly well, as they have done in previous electricity privatisations Nuclear is far from the easies sale, but ministers have nothing to gain by treating the industry too generously. For British Ener gy's part, if it wants to be privatised, it should blink soon.

another analyst. There are also large divergences

So it is with the dramatic stories of the "poaching" of bankers, traders and analysis in mouth-watering deals worth hundreds of thousands or even millions of pounds. For those in highest demand, the competition is fierce, and loyalty goes to the top hidder.

their rivals.

"It is a crazy carousel," says the head of a leading mergers and don't like it, but I am part of it." An analyst concurs: "There is a huge merry-go-round. It is the latest way for commercial hanks to lose money, First there was Latin America, then there was commercial real estate; now they are trying to stuff it into my back pocket." This is the City's third ride on the carousel in the past decade. The first came in the ran-up to Big Bang when investment banks paid huge sums for stockbroking and jobbing firms. The second followed on from that until the 1987 crash. But the current City transfer market manifests the same gulf that exists - and is widening - between the fortunes of Rnglish football's Premiership and the also-rans of the Endsleigh League. "There is a hig divergence between the stars and the multitude." says one bank economist. "Only where people fit into a specific role for a bank or investment firm do you get very large salaries." Experienced fixed income and equity analysts might expect to earn between £70,000 and £100,000 a year, with np to £70,000 more in bonuses and fringe benefits. But the premier league of analysts who find

can earn as little as £20,000 a year. "There have always been people in the City who have been paid crap but the number is increasing," says

in bonuses, according to a bond trader at a UK bank. The curve has steepened - the good producers are getting a much larger share of the pie while the plodders have got little or nothing. At most banks, the bonus pool is probably bigger this year than last year, but a smaller number of people have got a larger

acquisitions advisory business. "I _share, and that trend will continue." Even where the bonus pool is buge - CS First Boston paid twice as much in bonuses as it reported in pre-tax profits - some people have missed out. "Where did all the money go?" asks one banker. Among the winners are analysts capable of helping banks deliver Incrative mandates to privatise state-owned companies or float shares on international equity markets. As margins contract on bond and loan business, equity issues have become the most sought-after deals - commissions for such deals typically amount to between 2 per cent and 3 per cent of the amount raised. Deploying leading sector analysts for presentations during roadshows can help enormously. Banks have to show research capability as part of their marketing effort," says a City economist. "You have to have a top-ranked telecoms analyst to present yourself as an

leading executives can earn more than \$10m (£6.5m), mergers and acquisition advice, pan-European equity researchers and - back in fashion again - emerging markets. The obsession with analyst league tables, such as those published by

FT Extel and Institutional Investor, has increased the competition among analysts. "If you're among the top three rated analysts, you're in the driving seat," says Ms Gillian McBurney of Dendera Research, a market research and executive search company.

Roll up for the crazy carousel

City institutions are paying huge sums to get the right people on board, but not everyone can join the ride, say **FT reporters**

She adds: "In the old days, if you got into the office on time, kept your desk tidy, got along with the sales team and wrote regular research reports, you kept your job. Now it's a much more competitive market. If you're not producing and if your research isn't attracting the big investors, you won't stay in

limited bonnses, but in turn are sche given greater job security. Stars in the City share this yearn-

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ing for security with other beoefi-ciaries of the winner-takes-all economy. Like their boardroom counterparts in privatised utilities, City high-fliers earning high rewards do not necessarily face high risks. Poaching a City star often means offering a safety net.

The most common bait is the "guaranteed bonus". A company determined to hire an individual might have to agree to double his or her earnings, guaranteeing a pre-agreed basic salary and annual bonus for a fixed period, usually one year.

"A role reversal has been taking place," says Ms McBurney. "A few vears ago, banks paid up in order to bold on to people, but nowadays the employees want contracts that will

slice of the bonus cake.

loss of his share bonus.

Morgan Grenfell With such high stakes, recruitment now means high anxiety. "The hidding going on for high-quality people resembles a raise-or-fold poker game," says a senior banker at a US company.

Companies sometimes want an open-ended search for the best candidate - increasingly a giobal task

- but on other occasions know exactly who they want and ask the headhunter to act as an intermediary. "Our value added in those circumstances is to bring them to the table and close the deal," says Mr Bob Flohr, head of global banking practice and European financial services at executive recruiters Korn Ferry Carré Orban International.

This is not always so simple with astute candidates. "I find myself sometimes with their lawyers. accountant and pension adviser." The immediate outlook for the

inner-takes-all has their particular specialisms in come to the City of demand command much higher sal-London jobs mararies - with a privileged handful ket. The phrase of earning more than £1m. the moment among Increasing numbers, however, are paid far less than this. Junior analysts at some European banks, generally regarded as the worst payers,

COMMENT & ANALYSIS

US pundits reflects the increasing polarisation of reward between a handful of stars and the rest of the field in many aspects of the modern economy. Top dogs, within an individual company or in an industrial sector, now leave only scraps for

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issues the liabilities to be transfered to the private sector, and the level of debt to be carried by British Energy. The government appears to have won the first point, insisting that all liabilities associated with British Energy's eight power stations should also be transfered to the new company. There is a natural logic in the decision to match liabilities with the assets which generated them. Moreover, the liabilities which have been at the heart of the recent row - essentially, the cost of reprocessing fuel rods which were used in the past but have not yet been reprocessed - are only about one eighth of the \$12bn liabilities which the company is now expected to bear, They will also crystallise soon, and are therefore relatively easily quantified. Much more uncertainty surrounds longer-term reprocessing and decommissioning costs. The government has yet to demonstrate it has made a thorough assessment of those costs and of British Energy's ability to meet them without running its stations well beyond their expected lifetime. Meanwhile, the issue of debt lev-

which is privatising." The media husiness, the subject of much US merger and acquisitions activity, is another sector where highly rated analysts command large salaries. Other hot areas are equity derivatives, where

OBSERVER

your job for long. There's a lot more performance pressure - not just to get the job but also to keep it."

Traders see the same trend. "Bond sales and trading are a very capital-intensive business with incredibly high overheads," says one. "Only the people who can amply cover their costs - like proaccount for about 90 per cent of prietary traders - will be rewarded. The non-producers are a buge drag costs. Like the prodigal son's elder on the banks' ability to pay people brother, moreover, existing staff - even the good ones." resent the largesse offered to newcomers because it reduces their own

he structure of bonus payments was already changing in the wake of the Barings collapse last year. When share prices

were soaring in 1993, successful traders were able to make multi-million dollar bonuses - traders attached to one Japanese bank are said to have negotiated a deal giving them 25 per cent of the important player to the government

bank's profits. By contrast, although poor per-formers might have lost their jobs, they bare none of the losses they make certain that the new hire will bring in the volume of business to justify his cost. For example, Mr Maurice Thompson and Mr had helped to cause or failed to pre-Michael Cohrs, lured from S.G. Warvent. But over the past year, a numburg for a reported £3m each, have yet to win a high profile interber of banks have introduced deals in which traders take much more national equity mandate for Deut-

give them some degree of joh security. The golden handcuff is being pushed more by the employees rather than the employers." Guaranteed bonnses make colleagues jealous and remove some of the control that investment banks have over costs. In mergers and acquisitions, salaries and bonuses

Paying bonuses in deferred shares is intended to retain loyalty, but it

can also accelerate the speed of the

pay carousel. When Merrill Lynch

hired Mr Guy Dawson from Deut-

sche Morgan Grenfell as its head of

corporate finance in Europe, it had

to offer costly compensation for the

Guaranteed packages also do not

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jobs market reflects its polarised nature. Aggressive recruitment by continental European banks holds out encouraging prospects for top candidates and has fuelled the latest surge in top pay packages. "Some bouses, like Deutsche Bank, are expanding and offer quite a lot of money to get good people on board," says one bond trader.

But others believe the many bank mergers and takeovers during the past year - including SBC Warburg, ING Baring, Merrill Lynch and Smith New Court, Chemical and Chase Manhattan, Dresdner and Kleinwort Benson - will reduce opportunities. Decisions by several banks to reduce their UK operations could also slow the carousel.

Another trader says: "Many banks have been able to get away with paying mediocre bonuses because they know their employees can't find a new job that easily it's a buyers' market." Unless you make it to the winners' circle.

Written by Clay Harris. Reporting by Nicholas Denton, Richard Donkin, Richard Lapper, Conner Middelmann and Antonia Sharpe

Asia and the EU

The more vehemently Asian and European leaders protest that their summit in Bangkok was a success, the more they expose its insubstantial result. Their actual exchanges were banal, and much of the agenda was borrowed from elsewhere. Government leaders do not need to travel half way round the world to organise cultural exchanges between students.

Their defence is that they started a process which will bind Europe and Asia economically and enhance global security. That is indeed a worthy aim. But if the process is to lead anywhere, the summit must be followed through with diligence and determination. The final statement skirts round the challenges, especially on the economic front.

Europe must decide how far it is prepared to undertake further trade liberalisation to match the parallel process among members of the Asia-Pacific Economic Co-operation forum. If it does nothing, it will be accused of taking a free ride on the coat-tails of Apec, which plans to liberalise on

a non-discriminatory basis. This realisation is slowly dawning in Brussels, but Europe still seems stuck with a mercantilist desire for balance. It says it must wait and see how far Apec actu-ally goes before considering additional measures of its own. Yet some unilateral steps, notably a relaxation of anti-dumping procedures and quota restrictions, would be in Europe's own interest

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anyway. They would also demonstrate it was serious about Asia. If the momentum is to be main tained, there must also be a goal as Apec has already discovered. Since there is no question of creat ing an exclusive trade bloc, there is no harm in agreeing a target date of 2020, the same as Apec, for free trade between the two regions. The process of building closer relations will fizzle out if all sides insist on it remaining informal, but a firm target date could be applied to the WTO as well.

Apec and the Asia-Europe meet ing, or Asem as it is already known, would then effectively be two separate parts of one continuous multilateral trade round. This fragmented approach to global liberalisation is less unwieldy than the traditional round and might make for faster progress. The modern trade agenda is too complex for the old approach. The Uruguay Round nearly collapsed several times under the strain.

Asem should aim for a particular contribution: on investment which has proved difficult for Apec and seriously lags physical trade flows. Europe is right to seek clearer rules. Investment will not flow if the treatment of foreign investors remains capricious and subject to favouritism as it is in parts of Asta, Asia's interest is more than just economic. If Europe had a greater direct commercial stake in the region, it would have a more tangible security interest too.

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T Boone's last stand

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Remember the days when the mare whisper of T Boone Pickens' 'name struck terror in the executives of Big Oil? Well, one of the most feared predators on Wall Street has finally sued for peace. Over the last six months the legendary Texas oilman has been waiting for someone to ride to the rescue of his alling oil and gas producer, Mesa.

Finally, on the day before the deadline he had agreed with a. group of troublesome shareholders, Pickens found his White Knight -Richard Ramwater, a fabulously successful Term investor of a more recent vintage (he is 51 to Pickens' 67.) For the man who once terrorised the boardrooms of glants like Chevron, Texace and Terral, this. dissidents happy, Pickens had to find some new equity. It has come at a price in return for alleviating Mesa's woes with an infusion of \$265m, Rainwater has secured a third of the company and two board seats, And, to make clear who is now in the driving seat. Rainwater and an associate will hold sway on a new three person executive committee (the third member is Pickens.) Pickens can console himself with the thought that it could have been

worse. At least he remains

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chairman of the company he has built over the last four decades. Other shareholders, meanwhile, have been left wondering whether this arrangement is really the best outcome - or whether they might not have been better served by a break-up of the company. Pickens must know the feeling.

Hot line Even London Transport, which knows a thing or two about explaining away delays on its own underground services, would be hard pressed to come up with a more innovative excuse for the

rush hour chaos which delayed 100,000 commuters in Hong Kong last week. A helium-filled child's metallic balloon, let loose in a station on Hong Kong island, shorted an overhead electrical cable, causing it to melt. Hong Kong is now agonising over whether to ban metallic balloons from the entire system.

Sheep dip

Fresh evidence, if any wereneeded that French politicians dare not ignore the farming vote. The 33rd annual "saloh d'agriculture", on the outskirts of Paris, closed yesterday after a week long run and a record political turnout. President Jacques Chirac. playing up his rural roots, became

the first head of the republic to visit the exhibition since 1978. He spent no less than five bours shaking hands and patting animals on the day it opened. Since then a steady stream of politicians has shown up, ranging from former President Valéry Giscard d'Estaing, prime minister Alain Juppé and Chirac's Gaullist opponent Edouard Balladur; through to Jean-Marie Le Pen of the extreme right wing National Front. At last count 17 members of the Government and over 200 politicians turned out.

Closed shop

IN Wine, women or song for ... China's parliamentarians who are set to convene tomorrow for their annual talkfest in Beijing's Great Hall of the People: State Council, or cabinet, has issued regulations apparently aimed at making the annual rubber stamp gathering a particularly joyless occasion. An edict has gone out that there is to be no banqueting and no exchanges of gifts. In the past, meetings of the National People's Congress had been occasions for serious partying among delegates drawn from all over China. These days, Chinese leaders are seeking to convince a cynical public of the worthiness of parliament's role Delegates will not be permitted

to leave the capital during the 14-day session; to conduct 1 22.25

unauthorised meetings or to present unapproved written materials. The latter provision has the big advantage of heading off dissident petitions that tend to surface at the annual session.

Pin-up boy

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E David Wright, Britain's new ambassador to Japan, has not taken iong to get his face known about the place. His photograph has started to appear on grocery fliers for Daimaru Peacock, a local supermarket chain, which has decided to carry the products of British supermarket chain Waitrose on its shelves. Wright, who started last month, has penned a congratulatory letter which appears on the promotional fliers. Where will this diplomatic.

effort to open Japanese doors to British business end? Observer. sincerely hopes that the diplomatic pin-up boy will draw the line at opening new supermarkets. Better leave that sort of thing to Princess Diana, ambassador.

Sensational work

There seems no end to the inventiveness of the men in white (lah) coats. Swiss pharma giant Ciba-Geigy and Isis Pharmaceuticals of California are very proud about their new way of discovering drugs: it is called "antisense" technology.

Financial Times 100 years ago

> London Property Market There was a fair amount of business done at the Mart yesterday, but the properties were, on the whola, an uninteresting lot. A freehold building site in Smithfield: covering a superficial area of 1,100 ft, was knocked down to £810 to a gentleman who revealed his identity by calling out his name "Sausage Narris" and we knew then we were in the presence of the king of purveyors of this dainty food.

50 years ago

New York open to list foreign stocks New York: "The New York Stock Exchange is fully prepared to list foreign securities, thereby providing a new avenue for European corporations to secure badly needed American dollars during the present world reconversion period," according to Col John Haskell vice-president of the New York Stock Exchange. No foreign applications for listing stocks and bonds were at present before the Stock. Exchange, primarily because foreign corporations were generally lax in supplying comprehensive and timely fiscal data to investors.



NEWPORT opens up new areas for investment Tel: 01633 246906

Japan faces budget showdown

By William Dawkins in Tokyo

Japan's opposition New Frontier party plans to block the govern-ment's final bid today for agreement on this year's budget, including an onpopular plan to use Y685bn (\$6.4bn) of public money to liquidate bankrupt housing

loan companies, or *jusen*. The budget proposes Y75,105bn in spending and the sharpest rise in government debt in Japanese history. The ruling coalition aims to push the budget through its final committee stage and pass it at a plenary session of parliament in the next few days.

Mr Takasbi Yonezawa, NFP secretary general, yesterday said there would be a sbowdown. "We will resort to various means to

block the passage of the budget which contains the use of taxpayers' money to liquidate the

the jusen losses. That could embarrass Mr Ryutaro Hashi*iusen* " he said Opposition officials last week indicated they were considering procedural tactics to force the moto, prime minister, who was finance minister from 1988 to 1991 when *jusen* lending to what government to agree a number of turned out to be overvalued prop-

The NFP is pushing for com-mercial banks, which founded the *jusen*, to bear a high share of erty projects was expanding fast. The *jusen* plan is the centre-piece of the government's any future losses - expected to be substantial. It has the support attempt to restore stability to a banking system weakened by bad of a number of politicians in debts accrued during the fast Japan's Liberal Democratic party, the largest coalition partexpansion of asset prices before the price collapses of the past five years. The budget also ner. Amendments could emerge when the budget bill proceeds to includes public spending needed to support the fragile early stages the upper house, or even after parliamentary agreement. of a recovery from Japan's Ion-In addition, the NFP is seeking gest recession since the 1930s.

With a comfortable majority, the government is assured of getto summon senior members of the LDP before parliament to testing agreement on the basic tify on who was responsible for structure of the plan, however hard the NFP tries to block lt.

The government has been belped until now by the NFP's lack of aggression over the scheme, a reflection of the fact that some of the NFP's top members were in office when the jusen made their worst loans.

Yet the government's popular-ity is falling so fast that it may be tempted to give in to some of the NFP's demands. Support for the cabinet of Mr Hashimoto has declined from more than 60 per cent on taking office in January to just over 47 per cent, according to a poll by the Asahi Shimbun newspaper last week.

fidisput THE LEX COLUMN Liberal landslides can survive. But Glaxo Wellcome, the Australia's financial markets will

probably give a euphoric reception to the Liberal-National coalition's sweeping victory in Saturday's elections. But there is little in Mr John Howard's policy platform to merit enthusiasm. The Liberals' traditional commitment to labour reforms and tackling the budget deficit was noticeable by its absence from pre-election pledges. Since Mr Howard looks unlikely to gain control of the parliament's upper house, the Senate, he will struggle to introduce stronger medicine. Even some of his promised hand-outs may be sacrificed, dne to rising expectations for the budget deficit. Some sectors of the stock market

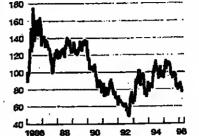
should flourish under the new government. Mr Howard is likely to address restrictions on cross-media ownership, and also bank ownership rules, opening the way to corporate activity in both sectors. Amendments to the Native Title Act, covering land rights of aboriginal groups, is expected to be supportive for the mining sector, which has numerous disputes over land rights. The transport sector, which has been weighed down by a powerful union, would be a significant

beneficiary of any moves to dilnte workers' protection. Nonetheless, stock market eupboria will probably be sbort-lived. The unions are already threatening war, and Mr Howard will have to tread carefully to avoid costly strikes. Besides, with corporate earnings growth expected to be in negative territory in the year to June and profit margins in Australian industry returning to recessionary levels, there is every reason for caution.

Fiat

The changing of the guard at Fiat last week follows dramatic management changes at Volvo and Daimler-Benz, And Fiat looks like a prime candidate for their brand of restructuring. Around £5bn of last year's revenues came from businesses wholly unre-lated to the auto industry. Even its auto operations look too diverse. The lorry division, Iveco, has a declining market share, and might be worth

more to a larger competitor. However, revolution is unlikely. Mr Cesare Romiti, who has replaced Mr Gianni Agnelli as chairman, is very much his predecessor's man. Moreover, he is a caretaker. Another Agnelli is likely to take the helm when he retires in 1998. Mr Romiti should continue the process of selling the Share price relative to the



FU Vehicles Index

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most inappropriate or troubled ele-

ments of Fiat's diverse portfolio. While Mediobanca's plans to create Super-Gemina - a revitalised conglomerate are ill-conceived, they would be excellent for Fiat, which was to sell its chemical businesses to Gemina. But Fiat will remain diverse.

At least Mr Agnelli has left his company in good shape for now. The car division has had two great successes in the Punto and Bravo/Brava. And Fiat's development of a world car is a far more innovative approach to emerging markets than that of its rivals. But it must face up to increase ing competition in Europe, especially in Italy, where the European Commission will lift competitive barriers by the end of the decade. The best way to ensure Fiat has the capital to compete would be to relinquish its ambitions as an industrial conglomerate.

Pharmaceuticals

After a tumultuous two years, consolidation in the drug industry bas ground to a halt. There appear to be two reasons for this. Many of the logical deals have been done and vulnerable second-liners such as Wellcome, Fisons and Marion Merrell Dow have disappeared. Second, drug volumes rose by an unexpectedly bealthy 10 per cent in 1995 and most share prices have jumped by more than 40 per cent, This has given drug company managements a breathing space.

But there is powerful pressure for further rationalisation. Sustainable volume growth is probably no more than 5 per cent and margins are coming under pressure as big managed care buyers demand hefty discounts, Meanwhile, the cost of a new drug is now close to \$300m. That means only those with huge economies of scale

world'a number one, bas a market share of just 6 per cent.

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The next round of consolidation is likely to feature more ull-share merg-ers, since they preserve balance sheet strength and avoid heavy goodwill write-offs. The success of Pharmacia & Upjohn, whose combined market value has risen from \$13bn before their merger to \$22bn now shows investors will rapidly give credit for expected synergies. But a big acquisition can-not be ruled out if one of the top companies decides to challenge conwould force rivals to react. All bess would then be off as drug companies Freturn of

UK takeover rules

The cornerstone of Britain's Take over Code is the principle that all shareholders of a target company should be treated equally. But Mr Alastair Defriez, the former Warburg corporate financler who becomes the Takeover Panel's director general this morning, knows well that this is not always so. One of the hottest issues he will have to address stems from Trafalgar House's failed bid for Northern Blectric, which be defended in his old job. The controversy relates to Trafalgar's use of "contracts for differences" - a type of derivative involving a bet on where the share prices of Northern, and several other electricity companies, would move after the bid was announced. It did not take the brain of a rocket-scientist to work out that the shares would rise, giving Trafalgar a one-way bet.

Although such bets are not illegal, they are a type of insider trading. So the panel should have little trouble deciding they should be banned Sadly, more than a year after the event, it has yet to reach a conclusion. The panel seems to have got itself into a twist because its code allows a bidder to buy shares in a company before launching an offer. Since bidders can enjoy a one-way bet by buying actual sbares, the logic runs, why should bets using derivatives be picked on? The simple answer is to ban one way bets involving actual shares too. After all, snapping np shares in a target company before launching a bid contravenes the principle that all investors must be treated equally. Hope-fully, Mr Defriez will help the panel understand this point.

Turkey's two rival ICI plans number of acquisitions in leaders to share power in coalition financial overhaul

By John Barham in Ankara

Turkey's two rival conservative leaders agreed yesterday to form a centre-right coalition. Their decision came two months after inconclusive elections gave no party a clear mandate to rule.

Mrs Tansu Ciller, the caretaker prime minister and head of the True Path party, agreed to share the premiership with ber old foe, Mr Mesut Yilmaz, leader of the Motherland party, as well as sharing out government posts between the two parties.

"l believe this is the most logical resolution from the picture thrown up by the elections," said Mr Yilmaz

Turkisb politics were deadlocked when Islamist Refah (Welfare) emerged as the largest party in parliament after December's elections, with 158 seats in the 550-member assembly.

Although the two conservative leaders share the same pro-western, secular and free market policles, they managed to reach a compromise only after a week of negotiations behind closed doors. Senior party members have drafted a complex document setting out policy, dividing portfolios between the parties and establishing the rotating premier-ship. However, only the arrangements for the premiership have been confirmed

Mr Yilmaz will serve as prime minister for the rest of this year. Mrs Çiller, who will not hold cabinet office this year, will take over in 1997-98 before handing power back to Mr Yilmaz for a further year. A True Path politi-cian other than Mrs Çiller will

run the government in its fifth and final year. Details of the government's programme will be announced only after both parties' caucuses have debated them. Motherland will convene today, followed by True Path tomorrow.

Mr Yilmaz is then expected to present his cabinet list for approval to President Süleyman Demirel on Wednesday. The coalition's programme will be read out in parliament the following day. A vote of confidence is expected next week, after which the government can be formally

installed. Althongb True Path and Motherland together will still be 15 seats short of a majority, two smaller leftwing parties which command 124 MPs have said they will either support the govern-ment in a vote of confidence, or simply abstain.

Continued from Page 1

Foes become partners, Page 3 | finance director. If acquisitions sector.

FT WEATHER GUIDE

By Jenny Luesby in London Imperial Chemical Industries, the

UK-based chemicals company, said yesterday that it would hit the acquisition trail in an effort to boost its "under-ntilised" balance sheet.

The first announcements are likely to come from Asia, where Mr Charles Miller Smith, chief executive, is holding talks over the next four weeks. The group is also thought to be be interested in Eastman Chemicals of the US, which produces PET, the polyes-ter-based plastic that is one of ICT's core businesses.

The announcement came as it was disclosed that ICl had brought in management consul-tants McKinsey to overhaul its financial and tax structures. City of London analysts are warning that the company looks vulnerable to a takeover. The acquisitions programme

will be part of what Mr Miller Smith called "a massive assault on the way we do business" in which the company's financial and tax structure were "being turned over".

The group's negligible gearing just 2.2 per cent at the end of last year - was set to change significantly, said Mr Alan Spall,

were constrained by the group's demanding return on assets criterion of 20 per cent, another option would be a share bny-

ICI has confirmed it is considering this, "but as a UK financially based company there is a tax disincentive in the form of ACT [advance corporation tax]", said Mr Spall.

Similarly, he said, there was a tax disincentive tu investment outside Britain. This is a particular problem for ICI: the group sanctioned £1.2bn (\$1.8bn) of capital spending last year of which only a small proportion was in Britain. However, there were "schemes" for resolving this problem, said Mr Spall.

Another problem for the group in the UK is its market valuation. Chemical companies are rated lower in the UK than in mainland Europe and the US, with the UK sector currently at a 10-year low against the US.

It may have been this that prompted ICI to register its last public spin-off, EVC, in Amsterdam rather than in London. Meanwhile, ICI's market capi-

talisation of £6.5bn is equivalent to less than 60 per cent of forecast sales for this year. The share is the cheapest in the chemicals

Bus bombing | Unions warn Australian winner on pay

Continued from Page 1

strike again if attacked. Hamas said a political dialogue with Mr Arafat and the Israeli government would be the only way to guarantee real peace and security between Arab and Jew. Israel last Friday refused to negotiate with Hamas and placed the responsibility for containing Hamas

firmly with Mr Arafat. The opposition Likud party has been strengthened by the attacks in a country where personal security will be the number one election issue.

Europe today

Belarus and western Russia.

some of them thundery.

Five-day forecast

freezing. The central and eastern

cloudy with some light rain and snow. Eastern Europe will be influenced by a

and "an emphatic mandate". However, in a brief victory speech on Saturday night, be had a 13-seat majority. The scale of the win surprised even the also pledged that uniting the Australian people would "be the coalition's staunchest supporters. although it was not out of line with some recent opinion cornerstone of my approach to government" poll indications.

The coalition's campaign The swing against Labor came in all six states and was put agenda included promises to sell off part of Telstra, the governt-owned telecoms group, and nationally at more than 5 per cent. Mr Howard, who unsuccess-fully contested the 1987 election to reform the labour market. But it fell short of the radical

agenda offered three years ago, and two years ago admitted that he had given np hope of becomand included a A\$6.3bn (\$4.76bn) ing prime minister, described the package of new spending promvictory as "a magnificent win" ises, spread over three years.

Yesterday Mr Howard con-firmed that Mr Tim Fischer, leader of the National party. would be his deputy, and that Mr Peter Costello, deputy leader of the Liberal party, would be the new treasurer. He is expected to announce his full ministerial team on Wednesday.

Mr Paul Keating, the outgoing prime minister, made a dignified exit speech within a few bours of the polls closing.

He said be would not be re-contesting the party leadership and is widely expected to retire from politics altogether.

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PENDEFORD MORTGAGES NO.1 PLC

£1,000,000,000 Mortgage Backed Floating Rate Notes due 2037

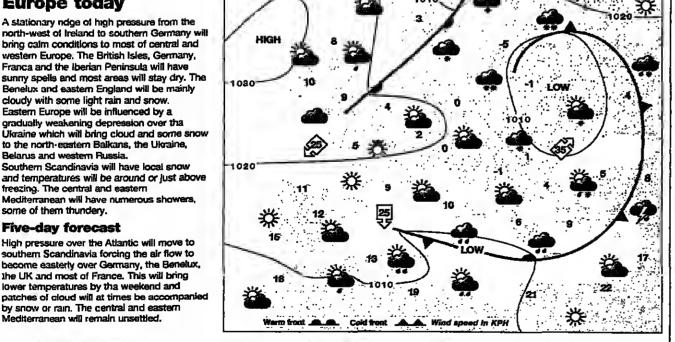
NatWest Markets

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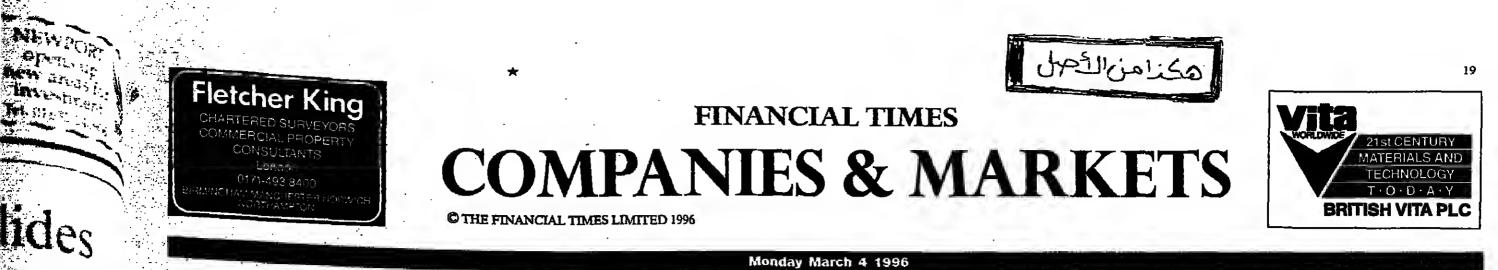


TODAY'S TEMPERATURES

diterranean will remain unsettled

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B.ham Bangkok Barcelona	fair fair cloudy	9 33 11	C.hager Cairo Cape Town	cloudy sun tair	3 23 24	Dublin Dubrovnik Edinburgh	fair fair sun	10 6 9	lstanbul Jakarta Jersey Karachi	fair fair drzzi sun	5 31 7 31	Montreal Moscow Munich Nairobi	fair snow snow fair	49.21.28	Sydney Tangier Tel Avlv Tokyo	fair fair fair cloudy	25 16 12 10
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NWM NATWEST MARKETS



BT dispute with Telefónica intensifies

Belgium

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urce: Dataque:

when Apple Computer and

AST Research reported losses.

appeared that the PC indus-

try's problems have been lim-

ited to the fickle consumer.

While sales of home computers

some markets they failed to

live up to the inflated expecta-

tions of the industry, according

to analysts. Just under 60m PCs were

shipped in 1995, up about 25

per cent. But in the US, growth

was a more modest 21 per cent

prompting some analysis to suggest that PC sales in the

more mature markets could be

the virus.

Until now, however, it has

By Christopher Price in London

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Maria Salara

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British Telecommunications has complained to the competition authorities in Madrid over the behaviour of Telefonica, the Spanish state telecoms group.

The UK company, which operates in Spain through a joint venture with Banco Santander, has accosed Telefónica of using confidential information to lure its customers away through cheaper prices. BT yesterday described its action

as "a shot across the bows" and follows growing frustration at the failure of the two groups to resolve their differences.

BT leases private circuits from Telefónica to connect clients. The UK group claims that one of the anti-competitive practices pursued by its Spanish rival is in delaying the leasing process, during which time it will approach BT's clients and offer the service at a lower price.

BT also accuses Telefónica of over-

charging it for the leasing service. Under Spanish and EU law, BT can only operate a licence to carry non-voice traffic. Its fledgling service focuses on data traffic which has attracted about 600 corporate customers.

However, BT is keen to apply for a voice licence, as soon as legislation allows, and the complaint to the tribunal shows it intends to provide for fair competition. Full liberalisation of EU telecoms is planned for January 1996.

"We bave made this complaint after repeated attempts to settle the dispute have been frustrated," BT said. "It is a warning against those incumbent telecoms utilities which are digging their heels in over competition.

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Other overseas telecoms groups are also understood to be considering action after encountering similar problems to BT.

BT has been operating in Spain since April 1993 and has invested about £75m (\$113m) in its joint ven-

Europe's stuttering PC growth

ture. It employs 200 people. When it launched in Spain, the BT-Banco Santander data transmission company aimed at capturing up to 20 per cent of the domestic market.

Investment in the venture, which is building on Santander's Megared data company, will be about Pta80bn (\$625m) spread over 10 years.

A mark of Telefónica's concern over the threat from the new group was signalled by the counter launch of its own data transmission network shortly after the BT incursion.

BT bas had several difficult encounters with the regulatory authorities in the UK over competition issues. The latest, over new powers being sought by Oftel, the industry regulator, could be referred to the UK Monopolies and Mergers Commission.

Telefonica, which has recently undergone partial privatisation, has strong overseas ambitions which has brought it into competition with other state-owned telecommunications groups.

deeper price cuts. The result

would be a decline in profit

margins throughout the indus-

try, analysts said. Already, PC

manufacturers have seen profit

margins plummet from an average of about 40 per cent of

revenues to less than 20 per

cent over the past three years.



INSIDE

BET/Rentokil

In its

defence

against

Rentokil

managers have increased margins before at businesses which were performing above the industry average." Page 20

Fund

Management

The FT today starts a weekly column on fund management, which will focus on the business and investment issues facing the industry around the world. In the first article, Norma Cohen looks at the recent spate of takeovers in the sector, and asks whether e change of ownership is likely to affect the investment performance of a house, for better or for worse. Page 22

Faces

A new Monday diary, focusing on personalities and events in the financia

world, begins today. What lies ahead for Jobst Wellensiek as he takes the Bremer Vulcan hot seat? Why did Andre Sharon, bead of European research at Merrill Lyncb, face a II revolt? And where

Japanese banks face return of lending premium

By George Graham, Banking Correspondent

Jepanese banks are once again having to pay a premium for borrowings in the interbank market as nervousness over. the weakness of Japan's financial system increases ahead of . the March 31 financial year and in Tokyo.

Senior European bankers said the "Japan premium", where Japanese banks are asked to pay steeper interest rates than competitors with the same rating from international credit agencies, had re-emerged in the last twoweeks.

Last October and November, the premium stretched as wide as 50 basis points, but it had almost disappeared by the beginning of this year.

has never been an Italian pre-Now, however, Japanese mium, though they have just banks were being asked for a premium ranging from three to as many weaknesses as us," said one senior Japanese 12 basis points, dealers said. Top Japanese bankers based in Europe acknowledged they had banker based in London. But some of the stronger Japanese seen a re-emergence of the prebanks have also found a profit mium, but said lending banks : opportunity by lending to their were showing more differentiaweaker brethren at higher K- BIG BLCON banks than they did last year. European banks confirmed this, and said they were assess-

credibility would suffer if they did not write off their suspect

loans in one hit. Some analysts calculate that none of Japan's top 21 commercial banks would be eble to meet the minimum international capital ratio of 8 per cent if they wrote off a realistic proportion of their officially

published Y28,500bn (\$219bn) of bad debts. Others estimats that two or three would come up to Japanese banks have had particular difficulty in funding their D-Mark needs, and some

bankers complained that dealers et the leading German banks had sought to exploit them. More gailing still, some throughout the sector. Italian banks have been partic-

ularly aggressive in demanding This is outrageous. There

cent sales growth.

Compaq squeezes regional PC rivals The US group is responding to increased competition with a further round of price cuts

The personal computer industry is geared for growth. But last week there were warnings that two of the biggest markets, the US and Germany, could be stutter-

Escom of Germany warned of slower growth in its domes-tic market. And in the US, Compaq Computer, the world's largest PC manufacturer, surprised investors hy revealing fisappointing February sales, The US group said it would

respond by cutting prices and costs. But falling prices and margins have raised fears of an end to the recent bull market in US technology stocks. Following the announcement on Friday, Compaq's share price plunged more than 17 per cent to \$41% as the sell-off spread

Today, Compaq is expected to launch a range of desktop computers for the corporate market with prices thet undercut those of its competitors. Later this week, it will also

cut prices and launch new PC servers - high performance computers that are linked to networks of desktop PCs. The aim is to meet an aggressive first-quarter target of 35 per

With world PC sales expec-STOW DY cent this year, Compaq must steal sales from competitors. ket began to emerge this year

Q4 1994 Q4 1995 % CHANGE 95,855 130,451 36.1 107,111 138,615 29.4 68,520 91.705 33.8 744.183 21.0 615.269 967,707 1,035,193 7.0 345,290 454,678 31.7 Netherlands 255,369 325,329 27.4

206.208 236.164 14.5 196.606 238.237 21.2 Switzerland 143,553 160.052 11,5 667,756 874.854 31.0

That slide was precipiteted, in large part, by Compaq's 1992 decision to sacrifice profit margins for market share growth. As PC prices fell by about 30 per cent, Compaq rose from fourth place in the world PC market to first place by 1995. Now Compaq appears to be determined to do it again driving down prices and profit margins to maintain its market leadership, The result, say analysts, could be a broad shake-out in the PC industry. Smaller PC manufacturers look vulnera-

ble. In particular, regional suppliers, such as Escom, are likely to come under pressure. The European PC market is dominated by global manufac-tures such as Compaq and almost all the indigenous PC manufacturers including Olivetti, Bull and ICL have been losing money. "In order to compate you



MANFRED SCHMITT

Compaq's tactics will spark

Japanese banks to which they lend. "We are being very selective ebout which banks we deal with," said one senior UK banker.

Published balance sheets are often unduly optimistic about the quality of their assets; but Japanese banks are being urged to present a more realistic picture when they publish their accounts at the end of this financial year by writing off loans that by international standards are in default.

Mr Martin Taylor, chief executive of the UK's Barclays Bank, last month offended many Japanese bankers by telling them in Tokyo that their

USUAL MILAREST FA "If people are reluctant to lend to other Japanese banks, I am delighted to take advantage of the premium," commented ing the balance sheets of the one Japanese banker in London.

the mark.

premium.

A recent analysis by the Bank for International Settlements in Basle confirmed Japaness banks had experienced funding difficulties last year, cutting their international borrowings from other banks by an estimated \$100bn or 11 per

cent in the third quarter. However, the BIS concluded the difficulties caused by the Japan premium had not been insurmountable;" Japanese banks had been able to fund their overseas operations by tapping the domestic money market or by liquidating their short-term euromarket assets.

In Europe, Escom has blamed a higher-than-expected DM125m (\$84m) loss in 1995 and the need for a DM100m infusion of new finance - on slowing PC sales growth, price cuts and stock write-downs. Eecom's problems in part reflect the weak 7 per cent over Christmas were strong, in growth in PC sales in Germany in the fourth quarter.

A slowdown in PC sales in markets such as the US and Germany could have widespread repercussions. The \$120bn-a-year (£79m) PC market is a primary driver of growth in semiconductor sales, which grew by almost 40 per cent last year. Doubts about the strength of

approaching saturation levels. some segments of the PC mar-Dataquest has forecast worldCHIEF EXECUTIVE OF ESCON

wide PC sales growth of 19.5 largest computer companies to per cent in 1996 with US sales increase their shares of the PC growing just 13.5 per cent. market were putting pressure on Compaq. In particular, Com-paq was feeling the heat of Despite this, it came as a shock to Wall Street when Compaq - the blue chip of the industry - said February sales competition in the market for PC servers where it is the domto North American corporate inant supplier with an estimated 36 per cent share. IBM's PC server sales grew customers had not met antici-

pated growth levels. 29 per cent in the fourth quar-Compaq tried to allay fears of hroad slowdown in PC sales. ter versus the same period in People are wanting to suggest 1994, IBM said. that there is a demand issue For Compaq, maintaining leadership in the corporate seghere... but we think it is still a strong market," says Mr Daryl White, Compaq chief ment of the PC market is critical because these sales carry higher profit margins than financial officer. Rather than

sluggish demand, Compaq sales through retail channels. faces intense competition. Analysts said renewed off a price war as competitors respond with matching or efforts by some of the world's

peq's European Senio vice-president.

Escom acknowledged

initial costs than planned.

Escom said it now viewed 1996

"as a period of consolidation".

to leave the way open for the

big global brand manufactur-

ers, such as Compaq with their

deep pockets and sophisticated

marketing techniques, to strengthen their hold over the

maturing markets of the West,

while looking for growth in

Louise Keboe and

emerging markets.

Such retrenchment appears

have to be e global producer,"

says Mr Andreas Barth, Com-

is David Band (above) taking BZW for its 10th Ironically for Escom, its birthday party? The problems in part reflect its answers are in Faces. ambitious international expan-Page 22 sion programma. Last week, expansion had led to higher

Normandy Poseidon

Harry Oppenheimer and Robert Champion de Crespigny have had a warm and wonderful relationship for 10 years. But on Friday **Oppenheimer s Anglo** American Corporation sold its 19 per cent shareholding in Normandy Poseidon - an unfriendly gesture that could not have come at a worse time for de Crespigny. Page 21

Paul Taylor

STATISTICS

Base lending rates		London recent lasues
Company meetings		London share service
Divisional navmants		Managed fund service
FT/SAP-A World Indices	2.5	Money markets
ST Guide to CUTTERIORS	24	New int bond issues
Foreign exchanges		World stock mkt indices
COMPANIES IN THI	5 1550	E
Abbott Labs	10'	Femica 21
Alumax	20	Granacia 2
Angio American	21	Hyundal Precision 21
Ango Amanoan	20	10 11
Avnet	20	_MI 2
BET	20	Johnson & Higgins 2
BNL	21.	KPN 21
BT	19	Kaloer Aluminum 25
Bance Commerciale	21	Kirch 21
Benalsmann	21	Mark One . 20
Body Shop	20	Navigation Made 2
Snemer Vulkan	20	Nestié
Canal Plus	21	Philips 2
	19	Prudential Insurance 2
Compage Corporate Risk	20	Regal Hotel 2
Daewoo Electronica	20	Aentoki 20
Daewoo Electronico	21	San Paolo di Torino 21
Deutsche Telekom	20	Slovak Telecom 21
Bektrowatt	19	- Telefónica · · · · · · · · · · · · · · · · · · ·
Escont	20	Thomson 27
Eurodis Electron Facia	20	Versinebank 20

New Aids drugs primed for US

By Daniel Green in London

A package of powerful new Aids drugs is likely to go on sale in the US following approvals from the US Food and Drug Administration. On Friday, the FDA approved rito-navir, made hy Abbott Laboratories, inhibitor.

for people seriously ill with Aids. The FDA advisory panel, whose recommendations are nsually adopted, also said that indinavir, made by US company Merck should also be approved.

Mr David Kessler, FDA Commis-sioner, said ritonavir "provides real hope for patients with Aids. Patients will live longer". Its approval came in a record 72

days - and the day after the advisory panel recommended it. Both new drugs are members of a new and promising class of Aids treatments called protease inhibitors. The first protease inhibitor, saquinavir, ening or dying for at least six months.

mads hy Switzerland's Roche, was approved in December 1995, although patients who had never tried other the FDA said it was weaker than oth-Aids medicines. They received either ers then in the pipeline. London stockhroker Lehman Brothers forecasts annual sales of

The FDA said data on ritonavir

Abbott studied 1,090 advanced Aids

showed it could reduce HIV disease

progression and mortality in people

had a 55 per cent lower risk of wors-

with an advanced infection.

ritonavir alone, standard therapy with AZT, made by UK company Glazo Wellcome, or e combination of \$50m-\$250m a year for each protease the two. Ritonavir did not clearly prolong

Older Aids drugs, called nucleoside survival, but while the AZT patients analogues, inhibit the early develop-ment of HIV, the virus that causes condition worsened, the ritonavir petients hed stronger immune Aids, while the protease inhibitors systems and less virus in their bloodattack the disease in its more advanced stages hy interfering with an enzyme crucial to the survival of streams.

Combining drugs is likely to hecome the standard way to treat Aide, mainly because it slows the virus' ability to mutate to resist treatment. HIV can quickly become resis-tant to many Aids medicines.

Abbott also tested 346 healthier

Ritonavir, sold under the hrand name Norvir, must be used with caution, doctors warned. It interacts danpatients, giving half ritonavir and half a placebo. The ritonavir patients gerously with other common medicines, from heart drugs to allergy relievers.



Capsules of Norvir prepared at Abbott Laboratories in Chicago

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A world class long jumper never wants to come back down to earth. At Delta, we believe that every single passenger from any of our **Delta** Air Lines A worke chart of single passenger from any of our 500 flights arriving daily in our home town of Atlanta for this year's Olympics, should be made to feel the same way about their flight.

COMPANIES AND FINANCE

BET defence to focus on textile services

By Geoff Dyer and Danie] Bögler

20

BET's defence against the £1.9bn bostile bid from Rentokil is expected to highlight the performance of its textile services divisioo as an example of the improvements already achieved by the current management.

The business services group, which bas until March 11 to publish its defence, is likely to argue that there are few other ways Rentokil could improve profits at the division. in an interview, Mr Graham Kettle,

claimed the division had already ach-ieved high margins for the industry and had invested heavily in sales and marketing over the last two years. Mr Kettle said: "to the 1980s, casb from the division was used to fund the expansion of the group and in the early 1990s it was used to pay off debts. Now it is being used for organic growth." Rentokil, the industrial services group which published the offer document for its bld last Monday, refused to be drawn on specific plans for BET's textile services division.

BET director for textile services.

However Mr Clive Thompson, chief executive, said: "Our managers have increased margins before at busises which were performing above the industry average." He pointed to the example of Tropical Plant Rental, which had been the leading US company in the sector when Rentokil acquired it in 1988. Since then margins had been improved from below 10 per cent to nearly 22 per cent. He added that Rentokil could

reduce costs by using the organisa-tion for its healthcare business to run BET's textiles division.

Outlining BET's strategy, Mr Kettle said that margins had risen from 14.8 per cent in 1993-94 to 16.7 per ceot in the first balf of the current financial year, making them the highest in the group and in the top quarter of companies in the industry.

Over the last two years, capital expenditure had been 127 per cent of depreciation and return on capital was 33 per cent in the first balf. Pro-ductivity had been improved so that each of the division's 1,000 vehicles made on average 50-90 visits to customers a day.

Mr Hinchliffe.

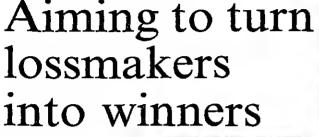
Gillow for £7.8m in 1987.

ments in 1992.

Analysts are forecasting that the textile services division will make profits of 542m in the year to April 1, at a margin of about 17 per cen Mr Nigel Utley, analyst at Greig Middleton, said: "It is hard to see

where Rentokil will improve the business, although it has shown before that it can raise margins whatever." Mr Charles Pick, analyst at Pan-mure Gordon, said that in the late 1980s it had been common for BET's

textile husiness to record margins of over 20 per cent, although this bad been using different accounting rules.



Neil Buckley on how two entrepreneurs have built up retail empires

n a retail sector dominated by large, quoted groups, an unusual phenomenon has been occurring. In recent years, two entrepreneurs with somewbat controversial pasts have quietly assembled retail empires with combined turnover approaching £1bn.

Store chains controlled by Mr Philip Green - who added discount chain Mark One to his portfolio this week - and the Facia group, owned by Sheffield-based Mr Stephen Hinchliffe, are now the UK's biggest privately-owned retail groups after C&A and Littlewoods, As to who is bigger, Mr Hinchliffe claims to have more stores; Mr Green higher sales. They have achieved their

feat by buying up poorly-performing and lossmaking chains at knock-down prices, often from larger groups keen to be rid of them. But where did they - and their money - come

from? More importantly, can acquisition of Scottish discount tbey make a success of the chain What Everyone Wants, mixed bag of businesses they led to a fall in profits and the now control? share price - the latter exacer-For Mr Green, 43, this is the bated by a series of unfavourasecond time he has built up a ble press reports of Mr Green's retail empire. The fast-talking, associates and deals. The experienca left bim mobile phone-toting north Londoner rose to prominence, deeply suspicious of the City, appropriately, in the hoom years of the 1980s when he led and convinced he is not suited to a quoted-company environthe £5.5m takeover of Amber ment. He aims to keep his new Day, then a struggling men's businesses privately-owned. wear group. He returned It to Maybe I get misunderstood," he says. "Maybe I talk profits, and made tt a star stock market performer, in two too much." Mr Green did not wait long

years By 1992, however, he was forced to resign, after the £47m

CHANGE



Stephen Hinchliffe (left) and Philip Green: conscious of City scepticism about their chances of success, but are defensive

cent Amber Day stake in April says one. "But there's more 1993 bought Parker and Franks, later transformed into the Xceptions discount chain. In December 1994, Mr Green acquired Owen Owen, the UK's fifth-largest department store chain, including names such as Lewis's of Manchester. In April 1995, he bought One-Up, the discount chain later sold to Primark. Three months later came

Owen & Robinson, which was put into administration and then sold last month after Mr Green reached a voluntary agreement with creditors on a refinancing. Last autumn, he bought the Olympus sportswear chain from Sears, with Mr Tom Hunter, who runs the Sports Division chain. This month's acquisition of Mark One has brought his busi-

nesses' turnover to \$500m, and employees to 10,000. He will not reveal the total cost of the businesses, saying only they were funded from "conventional bank facilities and private cash". But the buy-ing spree, for the moment, is

from Sears. He added a further than that to running a 134 Saxone and Curtess shoe shops from Sears last month. The acquisitions have left retailer." The creation of Facia also marks something of a Facia - of which Mr Hinchliffe comeback for the 45-year-old owns 100 per cent - with 900 The imposing, fair-haired stores, 7,700 employees, and Yorkshireman emerged as a annual sales of more than £300m. "We have reached critimaster deal-maker in the 1980s, cal mass," he says, but does not rule out further acquisiwhen he had computer and property interests, and was instrumental in the buytions. A women's wear retailer in/buy-out of Wades furniture has several times heen menstores from Asda, ending up

tioned as a possibility. Mr Hinchliffe affects irritawith a 40 per cent holding. Wades was sold to Waring and tion when asked how he can turn around his underperforming chains. He says he has not bought "wrecks", but "well-es-Mr Hinchliffe reversed his computer company into Lynx Group in 1989, in exchange for tablished husinesses which have lost their way".

a 25 per cent stake, and became chairman of the new "Everyone misses the point," parent group Lynx Holdings, he says. "What we have not done is buy the [head office] overheads as well. We have hought chains of stores with before leaving after disagree-His retail amhitions emerged in August 1994 when he bought the lossmaking Salisbury's sizeable contributions.

His formula for turning the husinesses around is similar to Mr Green's - establishing a lowed in October, and then leaner head office operation Torq, the jewellery chain than the large quoted groups, and refocusing what he

r jerman dig **NEWS DIGEST Record month for** Liffe in February

The London international Financial Futures and Options Exchange (Liffe) saw the busiest month in its history in February, with the number of contracts exchanged rising year-on-year by more than 50 per cent. A sharp increase in volatility in international bond markets was the main reason. "This present phenomenal increase in volume has taken place "Inis present ppenomenal increase in volume has taken place against a background of uncertainty surrounding European interest rates and turbulence in the US bond market," said Mr Daniel Hodson, chief executive. Trading levels broke the previous record set in February 1994 when rises in US interest rates triggered a big increase in activity.

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Liffe also experienced its second busiest day since it opened in 1983, with 1.4m contracts traded on February 20. On March 2 1994 1.6m contracts were traded. The upturn in business follows a fall of some 13 per cent in 1995. mainly as a result of greater stability in international markets following the turmoil of the first half of 1994.

Mr Hodson said the German government bund was now Mr Hodson said the German government bund was now Europe's leading bond contract, with over 5m traded in February. The increase seems likely to strengthen Liffe h its competition with the Frankfurt-based Deutsche Terminbörse, Between seven and eight of every 10 German government bond futures contracts are maded in London. Richard Lapper

Kaiser abandons merger plan

A plan to create the world's third largest aluminium producer fizzled out at the weekend when Kaiser Aluminum abandoned its attempt to lure its bigger US rival Alumax into a merger, valuing Alumax at up to \$2.5bn. Alumax had firmly rejected the offer and reinforced its determination to resist a hostile

the oner and remorted its determination to resist a hostile takeover by instituting a "poison pill" shareholder rights plan. Kaiser had faced a Saturday deadline to aubmit provies to pursue a battle for control of Alumax at the company's annual meeting in May. Mr George Haymaker, Kaiser's chief executive, claimed there had been "every indication" Kaiser would have received "very significant support" from Aluman would have received "very significant support from such shareholders for a new slate of directors. "However, such measures initiated by Kaiser would not likely result in a constructive dialogue between the companies," he said. Richard Tomkins, New York

Elektrowatt in talks on UK sale

Elektrowatt, the Swiss electricity and engineering group, said it is in talks with several potential purchasers for its 42 per cent holding in Eurodis Electron, the UK electronics component distributor, fuelling further speculation that Eurodis Electron faces an imminent hostile bid. Any trade purchaser of the Elektrowatt stake - worth around £100m would be obliged to make an offer for the rest of the shares. Elektrowatt, controlled by Credit Suisse, said it was

"confident" of finding a buyer for the holding, which was put up for sale in December following the Swiss group's SFrIhn (\$830m) purchase of Landis & Gyr, the electronics group. It also put its 29,9 per cent stake in Unitech, the components concern, on the market.

Talks with one party are thought to be at an advanced stage although Elektrowatt refused to comment. Arrow and Avnet, two US component distributors with strong European

amhitions, are thought to be among the interested parties. The company said it had set a summer deadline for the sales. *Christopher Price, London and Thierry Meyer, Zurich*

Body Shop statement today

Body Shop International, the UK-based 'green' cosmetics group, plans to issue a statement to the Stock Exchange this morning regarding its founders' plans to huy back the company. Yesterday, it declined to comment on a report in the Sunday Times that Anita and Gordon Roddick, chief executive and chairman respectively, had called off the buy-back plan.

The newspaper quoted bankers as saying it was not a lack of finance which scuppered the deal but that the Roddicks' interest in the huy-back had cooled. Last November, the Roddicks, who floated the husiness for £4.6m in 1984, said they were in discussions with banks on turning the business into a charitable trust. They appointed Morgan Stanley to arrange the financing. On Friday, Body Shop's shares closed at 148p giving the company a market capitalisation of £281m (\$429m). Antonia Sharpe

TOTAL 1996 IN SHAREHOLDING TOTAL: SALE OF 4% OF THE CAPITAL BY THE FRENCH STATE At its February 27 meeting chaired by which both the State and the Company have Thierry Desmarest, the Board of Directors of agreed. The terms of the letter bave been

TOTAL examined the modifications to be	approved by TOTAL's Board of Directors. The
brought In the Company's relationship with	letter and subsequent modifications in the
the French State, in the light of the State's	bylaws will be submitted to shareholders for
desire to sell shares representing 4% of	approval at the Company Extraordinary
TOTAL's capital.	General Meeting in June.
The State and the Company have	The Board of Directors also gave its
decided to revise their existing agreements,	approval for the sale io the market by the
which expire on March 14, 2000. In	French State of 9.5 million shares, equivalent
particular, the number of the French State's	to 4% of the Company's capital.
representatives on TOTAL's Board of	The sale can occur as soon as market
Directors will be reduced from two to one.	conditions will allow it.
This modification of the existing	Following this transaction, the French

to begin his comeback. Pro-

ceeds from selling his 10 per

relationship is set forth in a draft letter to State will hold around 1% of TOTAL's capital.



TOTAL - 24 Cours Michelet - 92069 Paris La Defense Cedex - France

cedel bank

is pleased to announce that with effect

from 4th March 1996

United Kingdom Government Bonds (Gilts)

will become eligible for

international clearing and settlement.

Gilts will also become eligible for use in Cedel Bank's value added repo services, including tri-party repo.

HANG KONG LAAdoa New York Tokyo Luxembourg Dabai

over. "It's time to consolidate. There are some interesting things around, hut we have to make the stores we have already got work." By fine-tuning product offers, exploiting the overlap of suppliers across the chains, and renegottating expensive leases, Mr Green is convinced his group can be profitable. Analysts' views are mixed. "[Mr Green] is a real trader, and drives a hard bargain,"

Regal Hotel Gronp and

Granada will today announce that a final attempt will be

made this week to conclude

negotiations over the sale of

Regal agreed in January to pay £122m to buy 67 of the 73 White Hart botels then owned

by Forte, the hotels groop.

Granada, the TV and leisure

group which took over Forte for £3.9bn at the end of Jano-

ary, had the right to rescind

Bowever, the two sides bave continued to negotiate, extend-ing Granada's right to rescind

twice. They will announce

today that the deadline of mid-night last Friday has been

Mr Charles Vere Nicoll, chief

executive of Regal, said yester-

day that the negotiations were

at an advanced stage, but tech-

nical issues were still under

discussion. "There is a willing

buyer and a willing seller, so

one has to believe the techni-

The deal would transform Regal, which was founded in

1993 with three botels and

now has 22. The group, which gained a full listing in May

last year, would quadruple in

size, giving it a strong pres-ence at the smaller end of the

tbree-star provincial botels

market. Mr Nicoll said the group,

which would pay in cash, had had a "warm response" from its institutional shareholders

and bankers. He added that this would be the last exten-

The deal would be Granada's

ī,

sion of the talks.

since the takeover.

cal issues can be resolved."

extended by one week.

the contract.

the White Hart botel chain.

TECH fashion chain Red or Dead, bought for a "substantial cash sum" in January 1995. In quick succession, Mr Hinchliffe added Oakland Men-

chain from jewellery group Sig-

net for £3.18m. Sock Shop fol-

swear, Contessa, the lingerie chain, Colibri of London, the men's accessories company. and French & Scott, the cosmetics and toiletries group. By summer he was snapping up 245 shops in the Freeman Hardy Willis, Trueform, and Mansfield footwear chains

helieves are strong hrand names. His first accounts, pnblished in April, should provide a clue to progress.

Both Mr Green and Mr Hinchliffe are conscious of City scepticism about their chances of success, but are defensive. "I still think my track record stands up against anybody in the country, in terms of the things | have managed to achieve, and the companies I have bought." says Mr Green.

US Prudential back One last try for in the black with **Regal buy** \$579m for 1995 By David Blackwell

> By Richard Waters in New York

> > ÷

itable rivals.

market.

The Prudeotial also rebuilt Prudential Insurance of America returned to profit in its capital base last year by 1995 with after-tax earnings of raising \$700m through the sale \$579m, though the giant US insurance and financial serof surplus notes and \$561m in unrealised investment gains. Together with retained earn-ings, this lifted its capital by vices group remains only halfway through the restructuring \$1.9bn from a year before, to under way since an overhaul of its top management 15 months \$11.5bp

The stronger financial foot-ing makes the Prudential bet-The mutual concern's latest ter able to meet the costs of earnings represent a rebound from losses of more than \$1bn the year before. However, on a capital base that averaged settling legal claims arising from the sales practices of some of its agents. more than \$10bn during the year the results still fall far Along with several other big

US life insurers, the group's sales practices bave been short of those of its more profunder investigation by a num-The US group's 1994 results had been hit by the costs of ber of state insurance commissioner

compensating investors in lim-ited partnerships sold by Its The Prudential is expected to agree a settlement running securities subsidiary in the late into hundreds of millions of dollars to put the controversy 1980s, and by the falling bond behind it.

Even if the settlement tops \$1bn, they could easily absorb it, said Mr Puccia. However, Last year, by comparison, the group benefited from the resurgeoce of the bond market, and from cost-cutting undersuch a large settlement could burt the gronp's reputation and damage future sales of taken hy the group's new chairman, Mr Arthur Ryan. Since arriving at the Pruden-tial, Mr Ryan has also pushed insurance products, a concern that made it likely S&P would ahead with a flotation of the reconsider the insurer's debt rating if it agrees a big settlement, he added.

group's reinsurance company and mortgage underwriter and servicer, and cut the compa-ny's exposure to catastrophe Mr Lawrence Mayewski, an analyst at AM Best, the insurance rating concern, said the biggest factor in the Prudenes through its property/casualty business. Though arguably not sold for tial's credit ratings surrounded its "ability to rebuild its earnthe best possible prices, these disposals have achieved the ings momantum". The group desired result of greatly reduc-ing the volatility in Prudenwas likely to turn in earnings in 1996 roughly to line with the first disposal of Forte assets | tial's earnings, said Mr Mark 1995 level, he said. -

Bremer Vulkan loan hopes

Bayerische Vereinsbank, the German bank, has confirmed it is considering granting a loan to Bremer Vulkan, the country's largest shipbuilder, which last month sought protection from its creditors after reporting DM1bn (\$678m) losses for 1995, but will impose strict conditions, including an insistence workers would not receive compensation in the case of bankruptcy. If negotiations to extend loans are agreed with Mr Jobst Wellensiek, the court-appointed administrator for Bremer

Vulkan, this would be the first time Vereinsbank had granted any credits to the shipping group. Bremer has outstanding bank debts of over DM1.4bn owed to a consortium of 40 banks headed by Commerzbank. Vereinsbank denied reports in Die Welt am Sonntag

newspaper that it would grant a "three-digit-million mark loan, saying the figure was much lower.

Judy Dempsey, Berlin

Navigation Mixte in the red

Navigation Mixte, the French bolding company for which Paribas has launched a takeover bid, reported losses of First has have a concern a cancever but, reported losses of FFr1.507bn (\$298m) for 1995, against profits of FFr787m in the previous year. An operating profit of FFr704m was wiped out by two substantial charges. Navigation Mixte also reported a loss of FFr470m reflecting changes in the value of the shares it holds to Allianz Via Holding France, an insurance investment. It is currently pursuing a case against Allianz, the German insurer, in relation to the business. Andrew Jack, Paris

Daewoo Electronics ahead

Daewoo Electronics, the South Korean consumer electronics company, reported a 35 per cent increase in net earnings to Won47.2bn (\$60m) for 1995 as sales rose by 25 per cent to Won3,126bn. The growth was mainly due to increased exports, which now have higher margins than domestic sales following a recent price war in the domestic market. Daewoo has boosted shipments to developing countries, while accelerating production in the European Union and the US. It has set a 1996 sales target of Won4,000bn, and plans to spend Won1,000bn on research and development. John Burton, Seoul

Hyundai Precision up 25%

Hyundai Precision & industries, one of the world's largest Ayuntain receiption a manustries, one of the world's integes. container producers, reported a 25 per cent rise in net earnings to Won23.3bn (\$30m) for 1995 as sales rose by 25 per cent to Won1,986bn. Brisk demand for its four-wheel drive vehicle, the Galloper, and higher sales of containers and machine tools contributed to profit growth. It also benefited from a 80 per cent rise in exports to Won511bn. Hyundal estimated sales of Won2,740bn for 1996. John Burlo John Burton

Johnson & Higgins expands

Johnson & Higgins, the large US-based international insurance Johnson & Higgins, the large US-based international insurance broker famous for arranging insurance for the Titanic, has launched what it described as an "aggressive" UK acquisition spree with the purchase of a small Scottish broker. Corporate Risk. Mr Dan Jones, head of J&H'a European operations, said tha deal was a significant step for the privately-owned group because th had previously largely eschewed acquisitions in the UK. He said further deals could follow and did not rule ont J&H acquiring a listed UK-based broker. "We have tended to grow on our own. This is an important step for us," Mr Jones said. "Our strategy is to become the dominant player to the said. "Our strategy is to become the dominant player to the large account market place for UK plcs."

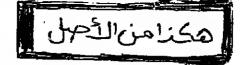
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Ralph Atkins, Insurance Correspondent

Puccia, a managing director at Standard & Poor's, the US ratngs agency

FINANCIAL TIMES MONDAY MARCH 4 1996 *



COMPANIES AND FINANCE

Move to speed up launch of German digital TV By Judy Dempsey in Berlin

A multimedia consortium led by Bertelsmann, Germany's largest media and publishing group, has given Deutsche Telekom, the state-owned telecommunications network, the go-ahead to order 100,000 settop boxes for the launch of digital television later this year. Set top boxes decode television signals to allow video on demand, home shopping, bank-ing and other interactive television services.

Children The 200 -

The Multimedia Betriebsgesellschaft (MMBG) consortium, which includes Deutsche Telekom and Canal Plus, the French commercial television network, wants to speed up the launch of digital television. US companies regard Ger-

many as an attractive target because it is one of Europe's fastest growing media and tele-vision advertising markets. However, MMBG is still waiting for final approval from the European Commission, which in 1995 blocked earlier

plans by Bertelsmann, Deutsche Telekom and the German Kirch media group to create a standard set-top box. "We are reasonably optimis-

tic we will obtain approval this time," the consortium said. Deutsche Telekom is today expected to hold a meeting in Darmstadt, its technical head-Meanwhile, there are unconquarters, with five companies, firmed reports suggesting that including Philips of the whether or not Kirch and Netherlands and Thomson of MMBG reach agreement, Kirch France which are competing to is planning to set up its own secure the contract to supply digital television consortium, decoders to MMBG. backed possibly by Debis, the services division of Daimler-

"Once the decoders are ordered, we hope we can Benz, and even Vebacom, the launch digital television by the telecommunications division of autumn," the consortium said. Veba, the industrial congiom-But MMBG will face domestic erate which has agreed in princompetition from Kirch. ciple to take a stake in MMBG. MMBG failed last month to • KPN, the Dutch telecoms

get Kirch on board, fuelling group, wants to become a strafears that the domestic market tegic partner in Slovak Telewould be split between rival communications, the national systems. Kirch has ordered 1m Slovakian telecoms company, decoders from Nokia, the Finnreports AFX News. ish electronic and telecommu-Het Financieele Dagblad incations group. Despite the breakdown of talks, there are signs that Kirch might join MMBG, but reported that transport minis-

ter Ms Annemarie Jorritsma had discussed this with her Slovakian counterpart Mr on conditions the consortium Alexander Rezes. might find difficult to accept. A PTT Telecom spokesman

jects.

Kirch wants "a common confirmed it was interested in interface system" allowing the view of its presence in the Czech Republic and Hungary, consumer access to the MMBG package of programmes and but said it was much to early the Kirch package but through one set top box. The exchange to say anything concrete about of a module in the decoder The company already has a

would allow the consumer to partnership, Isys-spol, with the Slovaks and Czechs, for training and exchange of software "If that system could work, it would give the consumer and hardware. choice but it would also show Slovak Telecommunications which system was more attractold the paper it was looking

1.5

for partners to finance its pro-

hat started 10 years ago as a warm and wonderful relationship between Mr Harry Oppenheimer, doyen of the world's mining industry, and Mr Robert Champion de Crespigny, then a brash newcomer in Australia, seems certain to end in recriminations and tears.

Mr Oppenheimer, whose Anglo American Corporation of South Africa is the world's biggest natural resources group, chose Mr de Crespigny as his representative in Australia. In 1987, their association was solidified when Anglo allowed its Australian offshoot to be takeo over by Poseiden, then Mr de Crespigny's vehicle

for mining expansion In the past, Mr de Crespigny has decribed Anglo as "an excellent partner and great supporter". But the relationship was abruptly ended on Friday when Anglo, via its sub-sidiary, Minorco, sold its 19 per cent sharebolding in Mr de Crespigny's Normandy Poseidon group. Most of the stake was taken by Newcrest, another Australian gold group, and analysts assume a bid bat-

tle is looming. Minorco's unfriendly gesture could not have come at a worse time for Mr de Crespigny. He was about to complete a fourway merger between Normandy, Posgold, Gold Mines of

De Crespigny wrong-footed by Minorco

Anglo American's unit has abruptly ended a 10-year relationship, says Kenneth Gooding

Harry Oppenheimer: unhappy with Normandy's proposed four-way merger

Kalgoorlie and North Flinders walked in with an offer for the Mines to simplify his group's Normandy shares, it was an offer Minorco could not refuse. complex the structure and, he When Minorco's small stake in Posgold is included, the hoped, enhance its value. It was this proposed merger Anglo subsidiary will collect that caused the break-up. Minorco sent out clear signals US\$250m and show a profit on it did not much care for the the shareholdings, before tax, idea when Mr de Crespigny of \$90m. Minorco can find made the first announcement.

It said frostily it was "considerhas become the offshore opering its position". ating arm of Anglo outside According to Mr David Africa and, if all its plans and projects came to fruition. Fisher, Minorco's finance director, when representatives from Minorco would have to find about US\$2bn in the next five the Australian branch of the SBC Warburg investment bank or six years.

This announcement appears as a matter of record only.

the Normandy merger would have reduced its stake in the combined Australian group to less than 10 per cent. He made it clear Minorco was still interested in operatplenty to do with the cash. It ing in Australia, one of the most important mining coun-

tries in the world.

Mr Fisher said Minorco bad

long ago changed from being a

bolder of minority interests in

other mining companies into a

hands-on operating group. Yet

Analysts suggest there were other potential areas for tension between Minorco and Mr Minorco has wrong-footed him.

Femsa limits sales downturn to 5%

dropped 13 per cent to 4.7m. Femsa's brewing wing

By Daniel Dombey in Mexico City

Steady demand for Coca-Cola, a quickly growing packaging division helped Femsa, Mexico's largest drinks and consumer group, to limit a sales decline for 1995 to 5 per cent, despite a brutal recession which shrank consumer pur-

chasing power by 21 per cept. Turnover for 1995 stood at

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6 per cent fall in volume. The income statements for Femsa and Femsa Coca-Cola, which is independently listed, were also increased exports of beer, and affected by the companies' conservative calculation of the consequences for the monetary position of debt taken out to invest in the Argentine

switch between systems.

analyst said.

tive for the market," a media

operations. By the companies' estimates. without this change, Coca-Cola Femsa's net income for 1995 would have been 95m pesos 12.8bn pesos (\$1.6bn), while- higher than the 356m pesos operating profit was 1.27bn recorded.

pesos, a 16 per cent fall in real peso terms compared with The more elastic demand for beer in the Mexican market 1994. Net profits for the year of was illustrated by a 3.9 per 460m pesos compared with a cent fall in volumes for the loss of 706m pesos the previous year despite price increases of year. half the 52 per cent tate of For the fourth quarter, sales inflation for femsa Cerveza.

The French Republic

has sold 9,500,000 Ordinary Shares in

de Crespigny, particularly now he has ambitions to build Normandy into a substantial player in the international arena, not just in Australia.

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He made a big leap in this direction last year when Nor-mandy took a 60 per cent stake in La Source Compagnie Minière, a joint venture based in Paris in which state-owned Burean de Recherches Géologiques et Minières (BRGM) is the minority partner. This enabled Normandy to accomplish an international expansion programme that otherwise might have taken 10 years.

It also took it into mining projects in Africa, opening the way for conflicts of interest with Minorco, but there was no falling out at that time. In fact, it was Anglo that steered BRGM towards Mr de Crespigny when it put out feelers

about the joint venture. It is now 101/2 years since Mr de Crespigny set up in the min-ing business on his own, using A\$500,000 accumulated when working for a Perth accountancy firm. Today his family's

11 per cent stake in Normandy is worth about A\$110m. As he built up Normandy, Mr de Crespigny gained a reputation for keeping rivals offbalance with a series of very complex deals. Now it appears that a very simple deal by

February 28, 1996

pesos while operating profits Call fell 39 per cent to 366m pesos. Foreign exchange losses caused by a falling peso led the company to record a loss for the quarter of 249m pesos. Despite the severity of the Mexican recession, volumes

n hopes

Contractory of the South

While such figures reflect the relative inelasticity of demand for Coca-Cola in a market where soft drinks are seen as necessities rather than indulgences, analysts said the use of more expensive presentations by Pepsi bottlers may have helped Coca-Cola Femsa

provided 38 per cent of total However, the company's market share remained steady throughout the year at around 46 per cent, possibly a sign that a more than 10-year decline in market share may have halted. fell by only 1 per cent and prices remained steady in real Femsa Cerveza also increased export volumes 21 per cent, despite a 5 per cent terms at Coca-Cola Femsa, the company's soft drink division, decline in sales in the US, its Any kind of increase in in which Femsa has a 51 percent stake and which provides export base beyond the United 35.5 per cent of group sales.

States is good news," said Mr Scott Wilkins, an analyst at ING Barings in Mexico City. Femsa's packaging division, which analysts praise for being one of the most modern in its sector in Latin America, reported sales of 2.6bn pesos, a have helped Coca-Cola Femsa increase its market share. However, Femsa Coca-Cola's Argentinian operations experi-

Disappointing results from San Paulo bank

anced a depressed year, with a 24m pesos.

By John Simkins in Milan

Istituto Bancario San Paolo di Torino; one of Italy's largest banks, reported disappointing results, with net profits for 1995 up only 6.6 per cent at L503bn (\$322m).

The comparison is on a pro forma basis, which takes into account the merger during the year with Crediop and Banca Nazionale delle Comunicazione, formerly controlled by tha state railways.

San Paolo, under the chairmanship of Mr Gianni Zandano, is at the heart of a powerful banking alliance which includes the banking group IMI and the partially privatised insurance company, Ina. The foundation which is the bank's holding company intends to cut its stake under 50 per cent. "The results are considerable

given that the bank continued to follow a policy of great caution and discipline in 1995." The bank said loan provisions of around L1.250bn had been made, compared with LS00bn for 1994, and it now had a solid basa on which to improve income.

However, James Capel, the UK stockbrokers, called the outcome "marginally disappointing". Although San Paolo has impressed analysts with its restructuring, the broker had been looking both for higher than reported net profits and a L10 increase in the final dividend. This stayed unchanged

at L240 a share, giving a total

payout of L196bn. The tax burden, which totalled L208bn, was reduced due to the exemption of tax on L225bn of profits set aside in line with merger provisions in the Amato Law on banking lib-eralisation. The bank said that the sama fiscal benefits would

apply in 1996 and 1997. The return on equity was 5.3 per cent compared with 4.5 per cent in 1994. A Milan analyst said that this was poor given the low tax burden and that it was also low in comparison with the market sector rate of

around 6 per cent. Milan securities houses said the improvement in gross operating profit, up 13.1 at L1,929bn, also compared unfavourably with 1995 results of some other Italian banks. The sector is recovering from the instability of bond and equity markets and narrowing inter-

est margins of 1994. Among the big banks, Banca Commerciale Italiana recently raised the dividend on ordinary shares from L125 to L150, on net profits up from L265bn to L342bn, and Banca Nazionale del Lavoro restored its dividend after a seven-year gap. On Friday, when San Paolo announced its results, which will be presented to sharehold-

ers at the end of April, DMI. confirmed that it would raise its dividend from L400 to L500. Net profits rose in 1995 from L304bn to L340bn.



for an amount of

FFr 3,097 million

Crédit Lyonnais and Lehman Brothers acted as underwriters and placing agents for these shares, which have been distributed to investors worldwide.

LEHMAN BROTHERS



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FINANCE

New masters and the soufflé effect

A drop in performance often follows a change of owners, says Norma Cohen in this new Monday column

What happens to a fund management house's perfor-mance when ownership of tha husiness changes hands? Does lt respond like an industrial manufacturer, rejuvenated hy new ownership, or is lt more akin to a souffle which collapses if the temperature changes? A look at some fund manage-

22

ment houses which have changed hands recently suggests the latter description may be more appropriate than the former.

Barings Asset Management, which was acquired by ING last year following the collapse of its former parent, is one example. Already entering 1995 with underperformance in UK equities, its median "balanced" portfolio turned in a return of 16.5 per cent for the year, against a median of 19.6 per cent for the industry, as measured hy Comhined Actuarial Performance Services, a widely used performance measurer for pension funds.

Newton Investment Management, which had enjoyed sev-eral years of spectacular returns, sold a 33 per cent to Royal Bank of Scotland in 1994. Newton underperformed the CAPS median by 3.9 per cent in 1994 and by 5.5 per cent in 1995.

Gartmore, the fund management company acquired last month by National Westmin-ster Bank, outperformed competitors most years in the decade to 1993. But in that year its then owner, Banque Indosuez. floated a 25 per cent stake in the company. Since then, its performance has only straddled the median.

The pattern is not unique to the UK. Mellon Bank bought Dreyfus, the mutual funds group in 1994, at a time when more than half the funds in its stable were earning returns better than the average of their respective competitors. in the years since, the percentage of funds in that category has fallen to fewer than half, according to data from Lipper Analytical Services

keting styles which causes the greatest upset. In the case of Newton, the firm took on the Investment consultants who advise pension funds on choice of fund manager have known running of a significant num-ber of retail funds on behalf of for years that a change of ownership can signal a dramatic shift in performance. "The change of ownership is the Royal Bank of Scotland, almost a new enterprise for it. And Its greatest area of concern from a funds under management grew consulting standpoint," says sharoly. Mr Len Brennan, managing director of investment consul-tants Frank Russell Co in Lonstyles appears to have been a factor in the recent breakdown of talks over the possible ecquisition by Friends Provi-dent of British Coal's in house

A difference of investment

pension fund manager, CIN-

Man. During takeover discus-

sions it became obvious that CINMan's contrarian style

would not fit easily in the

fund management companies

often change hands just at the

point that the dynamic manag-

ers which run them are

approaching retirement age. "The question is whether the

management is just cashing in their chips," says Mr Nigel O'Sullivan, partner in the

investment practice at actuar-

ial consultants Bacon and

Woodrow, Even if these man-

agers are tied into the firm

with "golden handcuffs", these

may be too old and too rich to

care much about how the husi-

ness grows. "The problem is we are in a

one-generation business," says

Mr John Casey, partner at RogersCasey, a Connecticut-

based investment consulting

firm. "The question is whether

they have invested in a

younger generation of invest-ment managers. The firms more prone to do less well

(after acquisition) are those

formance leads to a loss of

funds under management and

Other consultants note that

Friends Provident mould.

But he urges caution on cli-ents who may think of switching managers, hecause the costs of moving from one active fund manager to another will cream roughly



one percentage point off a portfolio's returns for the next year.

There is also no conclusive evidence that a change of ownership necessarily undermines performance. Indeed, there are numerous examples of fund managers which have thrived under new ownership. Since Deutsche Bank acquired investment bank Mor-

gan Grenfell in 1989, Morgan's once-sleepy fund management arm has become one of the UK's fastest growing houses. **US-based** Alliance Capital has become one of the world's few international fund management groups since its acquisition by Axa in the late 1980's. What really matters, consultants say, is the nature of the change.

where the principals are cashing out without having trained Little upset is likely, says Mr Brennan, when a passive owner - one which has anyone to follow them," he says. These sohering thoughts allowed the fund manager to may dampen the enthusiasm of function more or less autonothe insurance companies and banks, some of which are pay-ing historically high prices for mously - sells the husiness to another passive owner. The problem is that few own-

husinesses which offer considers are passive. Most, he notes, are hoping for some synergies erable risks. After all, poor perwith their existing businesses. It is the process of merging investment strategies and marthat means lower revenue.

Wellensiek in the Bremer Vulkan hot seat

In Germany he's known as 'Mr Composition.' Jobst Wellensiek is the 64-year-old lawyer brought in by shipbuilder Bremer Vulkan to oversee

Vergleich (composition), a particularly German procedure which attempts to stave off bankruptcy hy reducing and rescheduling a company's debts, Jndy Dempsey writes.

Wellensiek, who set up as an insolvency expert in Heidelberg in 1964, has been involved in over 350 cases since then and now employs some 70 specialists in the field.

He is a vary direct, open man, with a knack of explaining complicated financial affairs in terms the layman can understand. He is sensitive to those whose jobs are on the line, hut outspokenly critical when he thinks management has been lax.

His career tracks the decline of some of Germany's industrial giants. In the late 1980s, he dealt with the

Bavarian-based Maxh0tte steel works, a three-year marathon where he ended up saving 1,600 of the 4,675 jobs. Today, he is winding up Pilz, the east German CD manufacturer which failed to ride out German unification.

Insolvency work pays well: his office has already been given DM10m (\$6.8m) by the banks to cover Bremer Vulkan's legal fees. But the shipyard's workers

NOTICE OF EARLY REDEMPTION

FACES

are not complaining: "Legal fees of DM10m? We don't care. We just want him to save jobs. We trust him," is a typical comment. Sharon learns history's

hardest lesson

Some liberators are just not appreciated, Nicholas Denton writes. Andre Sharon, head of Merrill Lynch's European research department, was going to free the analysts of Smith New Court. As part of the UK marketmaker, they were at the beck of its dominant sales and trading

husiness; as part of Merrill Lynch, they Band plays on would have the independence that comes from providing services to several divisions. But Smith's analysts have proved a

surprisingly conservative lot. The erudite Sharon likes reminding people that, when the Bastille was liberated during the French Revolution, some prisoners refused to leave. Just over a week ago, there was a full-scale revolt by some of his analysts. In the management reshuffle which followed, Sharon lost many of his day-to-day

responsibilities. Even Sharon's opponents in the turf war acknowledge his broad mind. He was brought up in Egypt, Jewish hy religion, speaking French at home and going to an English-style public school. Most of his career was spent in the US as an analyst at one of the firms that made up Drexel Burnham Lambert. He commands great loyalty from

No. 2 Internet

employees who have had the time to get to know him. But Smith analysts have not had that time, and had to cope also with differences of age and culture

But above all, Sharon was the personification of the global identity and procedure which Merrill is gradually imposing on Smith. There was not much be could do about that. "Probably I should have explained a little more." says Sharon. "Whether people would have heard is another question."

BZW ages but the

It is a decade since London's Big Bang, when the structure of the securities industry was blown into a new shape by the abandonment of fixed commission and the distinction between firms of stockbrokers, who advised investors, and johhers, who made a two-way market in shares. At BZW, the investment banking arm of Barclays, chairman Sir Peter Middleton and chief executive David Band don't intend to let the 10th anniversary pass unmarked. The firm - formed from a merger of Barclays Merchant Bank, hroker de Zoete & Bevan and johber Wedd Durlacher - is taking over the entire set of banqueting rooms at London's luxury Savoy hotel on May 7. It is perhaps lucky that Granada, the

British media and catering company which numbers BZW among its

advisers, succeeded in its host Beild for hotels group Forte, which has a 68 per cent stake in the Savoy. The investment bank can be excused a soft spot for the hotel - and thoughts of its share of the \$140m City advisory fee feast arising from the takeover will no doubt help slow the rush of blood when the party bill is presented

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Golfer negotiates a Hungarian minefield

There was a sigh of relief all round in Budapest last week when Hungary's Socialist-led government opted for Peter Medgyessy as its new finance minister. The BUX index - which had lost 5 per cent on the resignation of Lajos Bokros a week earlier - soared hy 5.8 per cent as foreign buyers switched funds back to the country, writes Virginia Marsh.

Medgyessy, a 53-year-old banker, is well known in both local and international financial circles and analysts rate him as a sofe pair of hands to lead Hungary through the minefield of welfare and public finance reform. While considered less dynamic than the charismatic Bokros, former colleagues say Medgyessy is more of a team player and a better communicator than his predec assor. whose bluntness and self-confidence irritated many in the cabinet.

Medgyessy, who is due to be sworn in today, is no stranger to the public sector. Before becoming bead of Banque Paribas' local operation in 1990, he spent more than 20 years at the finance ministry, which be joined straight from taking a doctorate at **Sudapest's University of Econom** He rose through the ranks to become deputy prime minister in 1988 in the last communist-era government, the reformist administration of Miklos Nemeth.

Medgyessy - a rare francophone in a local financial community dominated hy English and German speakers was canny enough to turn down the joh last February. He said on Thursday be bad accepted this time around because, unlike a year ago, there is no mistaking the Socialists' commitment to reform. Still, Medgyessy, an avid golfer, will have a tough task persuading many in the party, the former communists, to accept welfare and public spending cuts.

Hungary's sixth finance minister in as many years, he says he intends to stay in office until the next elections, due in 1998. But - no donbt with his predecessors' track record in mind -he has made sure that, should he have to step down before then, he can return to the Hungarian Bank for investment and Development, of which he became chief executive after the Socialists' victory in 1994.

THE THAI PRIME FUND LIMITED

David Band, chief executive of BZW,

has booked the Savoy's entire set of

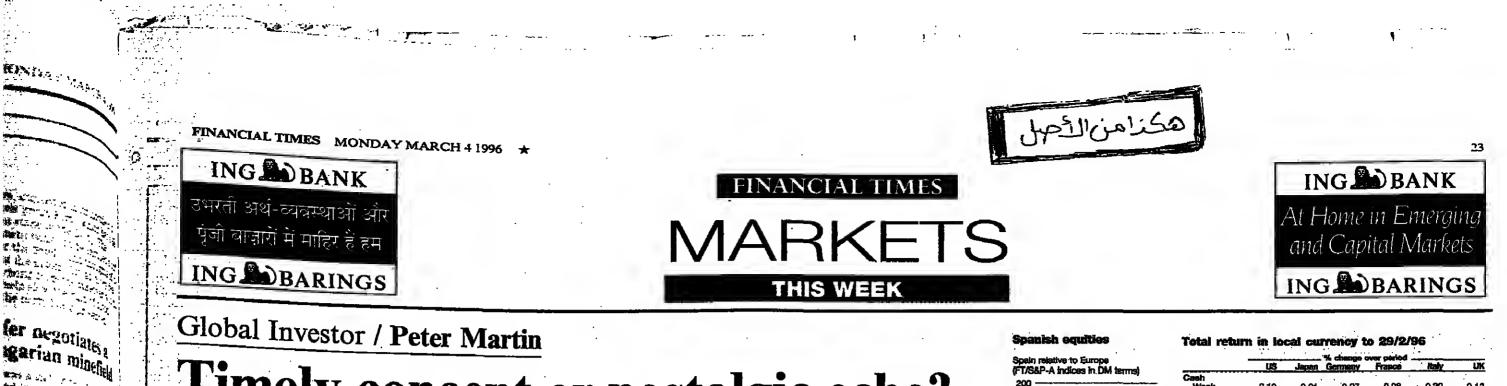
banqueting rooms on May 7 to mark

the investment bank's 10th anniversary

Mayny.	NOTICE OF EARLY REDEMPTION ELECTRICITE OF FRANCE USE 250,000,000 7 7/8 % Courrenteed Bonds due 2006	THE THAI PRIME FUND LIMITED (incorporated in the Republic of Singapore)	ant deal
	Notice is hereby given that pursues to paragraph 7 (B), Roderption at the Option of EDE the Is- suer has called for rederption on the next inter- est Payment Data failing on 7 May 1996 all the	Notice of Eighth Annual General Meeting	
INDEXIA (incorporated with limited liability in the Republic of Finland)	outstanding Bonds, at 104 %. The Bonds will create to accrue intents for the Radorption Date. Payment of principal and accrued intents will be made upon presentation and surrander of the Bonds together with all unmatured coupons at other of the following offices:	NOTICE IS HEREBY GIVEN THAT the Eighth Annuel General Meeting of the Company will be held at th Meeting Room, 3rd Floor, investment Trust Department, The Nomura Securities Co., Ltd., Dai-Ick Edobashi Building, 1-9-1, Nihonbashi, Chuo-Ku, Tokyo, Japan on Wednesday, 27 March 1996 at 9.00 e.m to transact the following business:-	hi
NOTICE OF ANNUAL GENERAL MEETING	BANQUE NATIONALE DE PARIS (Lusembourg) S.A. 24 Boulevard Royal	1. To receive end adopt the audited accounts for the year ended 31 December 1995 and the Directors and Auditors' Reports thereon. (Resolution 1	
Notice is hereby given to the shareholders of Nokia Corporation (the 'Company') of the Annual General Meeting ('AGM') to be held on Tuesday, 2nd April, 1996 at 3.00pm at The Helsinki Fair Centre, Congress Wing, Congress Hall C1, Rautatielaisenkatu 3, Helsinki, Finland.	L-2952 Linembourg BANQUE BRUDGELES LAMBERT S.A. Avenue Marnix 24	2. (i) The re-elect the following Directors relining under the provisions of Article 118 of the Company' Articles of Association	
The following matters specified in Article 12 of the Articles of Association will be on the agenda of the meeting:	8-1050 BRUXELLES BANQUE NATIONALE DE PARIS PIC 8-13 King William Street G13 King William Street G13 King William Street	(a) Mr Katsuya Takanashi(Resolution 2A)(b) Mr. Udom Vichayabhai.(Resolution 2B)	
a) review of the annual accounts, comprising the Profit and Loss Account, the Balance Sheet, the Annual Report of the Board of Directors and the Consolidated Accounts.	SANQUE NATIONALE DE PARIS (Suisse) S.A. Austrengenen 25	(ii) To re-elect Mr Harunobu Aono retiring under the provisions of Article 109 of the Company's Article of Association. (Resolution 2C	s)
 b) review of the Auditors' Report. c) approval of the Profit and Loss Account, the Balance Sheet, the Group Profit and Loss Account and the Group Balance Sheet. 	CH 4002 BASLE Luxembourg, 4th March 1996	3. The re-appoint KPMG Peet Marwick as Auditors and to authorise the Directors to fix the remuneration. (Resolution 3)	9)
 d) decision on any measures to which the profit or loss shown in the approved Balance Sheet or Group Balance Sheet may give rise. 		4. AS SPECIAL BUSINESS	
e) decision on discharging the members of the Goard of Oirectors end the President from liability.		(a) The declare a second end final dividend of US\$0.50 tax exempt per Redeemable Preferred Shan for the year ended 31 December 1995 (Resolution 4A)	
 decision on the number of members to serve on the Board of Directors. decision on the remuneration to be paid to the members of the Board of Directors and to the 	Obayashi Finance	for the year ended 31 December 1995 (Resolution 4A (b) To approve the amount of US\$10,000 proposed as Directors' Fees. (Resolution 4B	
auditors. h) appointment of members of the Board of Oirectors, and	International (Netherlands) B.V.	5. Any other business.	
i) appointment of the auditors and the deputy suditors.	¥4,500,000,000	By Order of the Board	
The accounts for the 1995 financial year will be on display from March 26th, 1996 at the Company's Head Office at Eteläesplanadi 12, Helsinki, Finland, and the offices of Enskilda, Skandinaviska Enskilda Ganken at 2 Cannon Street, London EC4M 6XX. Tha full annual report in Finnish, Swedish and English will be available at the Company's Head Office from March 26th, 1996 and will be sent to shareholders upon request to the Registrar. Copies of the full annual report will also be available from Enskilda from 26th March, 1996.	Floating Rate Notes due 1997 Interest Rate: 2.52% p.a. Interest Period: 4th March, 1996 3rd September, 1996 Coupon Amount: V1.260,000 fon Notes of	CLAIRE THAM LI MEI (MS) Secretary 1 March 1996 Singaphre	
Shareholders who are registered in the Shareholders register not later than 22nd March, 1996 and who wish to exercise their voting rights at the AGM must give notice to the Company of their intention to attend not later than 29th March, 1996 at 4.000pm. Notice may be given to the Shareholders' Registrar in person at the Office of the Company at Eteläesplanadi 14, Heisinki, Finland, during office hours, or by telephone (358) 0 1807 390, or in writing to the Shareholders' Registrar, Nokia Corporation, P.O. Box 226, SF-00101, Heisinki, Finland, Written notice should arrive	V100,000.000) Payment Date: 3rd September, 1996 SatURA TRUST INTERNATIONAL LIMITED Fiscal Agent 4th March, pres	NOTE A member of the Company antitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in hi stead. A proxy need not be a Member of the Company. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time set for holding the Meeting. There is no Directors' Service Contract in existence	of. e.
no later than 29th March, 1996. The record date for the dividend for 1995 is 9th April, 1996. The Board will propose to the AGM that	E75,000,000 HMC FINANCING 3 PLC Class A	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED Sterling Floating Rate Notes	
the dividend be paid on 15th April, 1996.	Mortgage Backed Floating Rate Notes due December 2018	due 1997 Appear in th	he -
Helsinki, February 1995	Notice is hereby given that there will be a principal payment of £1,800.00 per Note on the interest	Notes, notice is hereby given that the rate of interest for the pend from February Fridays and Satu	Inesosa's
Board of Directors of Nokia Corporation	payment date March 15, 1996. The principal amount, outstanding per	This survey will now be published	
	Note will be \$28,136,49. By: The Class Mathematica Bank N.A.	on 7 March 1996 79.55 per staring 5.000 nominal amount please contra	
	Loadon, Agent Bask March 4, 1996	Lesley Sumner Couton No. 45 Lesley Sumn	
SIGMA SECURITIES S.A MEMBER OF THE ATHENS STOCK EXCHANGE		Tel: +44 (0) 171 873 3308 Fax: +44 (0) 171 873 3064 * SBC Worburg	3308
TEL: (301) 3311456 - 3245674 REUTERS PAGES: ATGG-H-i FAX: (301) 325224 TELEX 210733 ATRA GR TELERATE PAGES: 17890-1-2 Contact Name: Mr John Marcopoulos/Ms Athina Dessypri	£65,900,000	POWDOW OF SWILL BANK COPPORTON	ures
HENS STOCK EXCHANGE Feb 23rd - March 1st 1996 GREECE	CARPS III Limited Secured Amortising Floating	SmithKline Beecham PLC	
GDP (USD bn) 95e 106.40 INDEX 1017.31 P/E 95e (after tax))3.4 Per Ceptix Income (USD) 10,804 hg (Prev Wit) 4.21 P/E 94 (after tax) 15.3 inflation Rate (% Y.O.Y, Jenuary 95) 8.40	Pate Notes due 1999 For the three month interest period Rebruary 29, 1999 to Mey 31, 1998, the rate has been determined of	APPOINTMENTS ADVERTISING appears in the UK addien area; Wednesday Floating Rate Unsecured Loan Stock 1990/2010 To the holders of Mortgage Capital Trust I. Collateralized Mortgage Obligations, Series	
y High 1017 31 EPS GROWTH I% 956 20.6 12 Month T-bit (%, end of February Issue) 13.40 ty Low 898.44 P/CE 95e;94 11.7 / 12.4 1-Month Athibor (%) 13.85	6.875%. The interest payment data, may 31, 1996 will be 2853.42 per 255.007.24 principal amount of	apparts in the UK addition every Wednesday interest Rate: 5.9375% per annum Class A-1 Bonds Due 1st June, 2017	5
KLEY VOLUME IUSD m) 740 38 P/ 6V 956/94 2.7 / 24 GDR/USS 242.38	May 37, 1996 will be 2253,42 per 253,007.24 principal amount of Notes.	every Pricey. Per Author information pieces call: The market Period: 1st March 1996 to Set June 1996 Set June 1996 Notice is hereby given that the interest rate on the Class A- for the interest period 1st March, 1996 through 1st June, Set June 1996	1 Bonds
g Prev. Wk 25.39 Div. Yield (%) 95e/94 6.0 / 4 8 A.S.E. Market Copitalization - 1/3/96 (USD bnt 18.27 Wk Avg. (USD m) 130.69 PCe & Rights Issues (in USD m) 1 Jan '96 -1 Mar '96 47.52	By: The Charles Minubergan Santi, K.A. Landes, Agoni Basik March 4, 1995 CHARE	Andrew Stangnsid on +44 0171 873 4054 Taby Finder Crots on +44 0171 873 3466 Agent Bank pic Agent Bank	

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Timely concept or nostalgic echo?



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ernment, the world's investors long ago voted with their feet. Between 1985 and 1988, Spain could do no wrong in their eyes. Powered in part by the view that the country was about to become Europe's Cal-

ifornia - a sun-soaked home for low-cost greenfield manufacturing - the stock market soared in both absolute and relative terms. Since then, Spain has been

firmly out of favour. True, the market outperformed the European average last year but that was largely because of the pan-European strength of two sectors, utilities and banks, both heavily represented in the

Spanish index. Sentiment has been consistently negative: any broker trying to paint Spain as Europe's California was wast-ing his time. Now, with the political climate shifting, is it time to resurrect the concept? Or is it just a nostalgic echo of the 1990s? In economic terms, the con-cept looks reasonably plausi-

ble. GDP has grown respectably in the past decade; the country has built a big, com-Spanish stocks. petitive auto industry; tourism has made brave moves upmarket; and much of the business infrastructure, from banking to computers, has been

overhauled. True, unemployment remains at damaging levels. But the absence of serious social unrest suggests that the jobless numbers conceal informal or part-time activities.

entry to the EU in 1986, and groups either. the deepening of the single market in 1993, would make it attractive has been largely borne out. It has not spilled over into the equity market, however. Instead, companies behind the rebirth of manufacturing have been the multinationals - good news for technology and management but little help for investors in

Indeed, as Nick Stevenson, European strategist at SBC Warburg Doints out, the stock market scarcely reflects the real economy. Two of the country's most attractive features its tourism industry and the retailing potential of its relatively large population - are barely represented. There are no large listed hotel or leisure companies; and until recently

This situation is improving: there are now three quoted retailers and in May Grupo Sol Melia, the largest hotel com-pany, comes to the market. But the underlying issue remains. The equity market remains dominated by essentially

So the theory that Spain's there were no quoted retail

domestically-oriented compa-nies; they provide little exposure to external trade. Thus, a peseta devaluation may make the economy more competitive and boost profitability of exporters; but it does little or nothing to help the earnings of quoted companies. Indeed, since many of the elec-

tricity utilities have big foreign currency borrowings, a devaluation actually hurts the profitability of this important sector

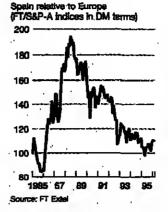
of the market. Privatisation has done little

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- it is selling at about 12 times 1997 earnings, compared with a

European average of 14 - this largely reflects the structure of the stock market rather than any inherent judgment on the economy's attractiveness. Such judgments may, in any case, be out of fashion. In the 1980s, the search was for big stories. seductive concepts such as "Spain is Europe's California". "The approach of EMU means rapid convergence in interest rates and per capita GDP", or "United Germany is Europe's new economic powerhouse".



Now, though country judg-ments are still popular, pan-European sectoral issnes are more important. Many country judgments are, in fact, little more than reinterpretations of the broader sectoral themes in local terms.

Thus, the poor performance of Spain's electricity utilities in recent months is put down to the possibility of a tighter approach to regulation by an incoming Aznar government.

Total return in local currency to 29/2/96

	US	Japan	Germany	France	Italy	UN
Cash						
Week .	0.10	0.01	0.07	0.08	0.20	0.12
Month	0.46	0.04	0.30	0.39	0.84	0.5
Year	6.44	2.31	5.31	.6.63	10.63	7.15
Bonds 3-5 y	ear ·					
Week	-0.87	-0.23	0.24	0.44	0.83	-0.25
Month	-0.98	-1.18	-1.08	-0.38	0.06	-0.9
Year	11.03	8.02	12.79	14.23	20.09	12.63
Bonds 7-10	year				· · ·	
Week	-1.21	-0.10	-0.01	0.35	1.34	-0.67
Month	-2.51	-1.03	-3.05	-1.42	-0.69	-2.48
Year	13.68	11.64	18.47	18.68	27.12	13.02
Equities						
Week	-2.5	6.0-	2.1	2.S	3.5	-0.1
Month	3.2	-2.1	0.7	2.8	-0.8	0.6
Year	34.S	` 17.1	. 17.8	18.1	-0.7	28.7
Source: Gash & The FT/S&P Act					ternational L	

Goldmon Sechs & Co., and Standard & Poor's

But electricity utilities across Europe have done poorly recently, affected by worsening bond yields and other sectoral issues. The Spanish explanation may be no more than a local grace-note to this more general theme. The lesson of the path traced by Spanish equities is two-fold.

First, that the concept buying of the mid-1980s was always unrealistically optimistic though those investors who

pulled out in time made s great deal of money out of the theme. Second, that for the moment there is little enthusiasm for such sweeping concepts. Those who believe, however, that the growing sophistication of international investors means that concept buying is over are likely to prove as mistaken as those who saw a clutch of Intels under every Spanish boulder in 1985.

COMPANY RESULTS BUE Colorista de la companya de la comp ter a ser a se n an trainn t_er

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Aluminium and steel help lift Hoogovens

Hoogovens, the Netherlands' Analysts attribute the seconly steel producer, is forecast on Thursday to post uet profits compared with the first, to curon Thursday to post uet profits of between F1500m and rency factors but also to a soft-F1550m in 1995, up sharply ening in steel prices and from Fl 354m in 1994. The rise, due to a strong performance in · the first half in particular, reflects substantially higher results from steel operations its biggest business - and a further recovery in aluminium earnings. In 1994 -aluminium was lossmaking for the year as a whole, though it moved into the black in the second half of that year and has remained profitable throughout 1995. The company itself has pre-

stantially bigher". But it strong construction growth in already noted in the summer that second-half results were unlikely to match the level of the first six months, when net profits surged nearly five-fold from FI 63m to FI 303m. Nevertheless, Hoogovens insisted second-half results would still be high overall.

rency factors but also to a softslightly more hesitant demand in late 1995. Hoogovens, along with the Netherlands' chemicals companies, is among the most cyclical stocks on the Amsterdam stock exchange.

materials group, is expected to report a sharp increase in prof-its for 1995. According to the proflin broking house Davy, a variety of factors are likely to have been behind the impressive restructuring Arjo's European dicted that results will be "sub- improvement, among_them_ manufacturing operations.

Bought deal saves French face

RTZ Ireland, a recovery in the Share price (pence) group's Spanish concrete products business and a series of 950 ----earnings enhancing acquisi-tions made during the year in . 900 the US and at home. Davy forecasts pre-tax profits of I£159m, up from I£116.1m.

800 In the wake of a profits warning last November analysts are unsure about exactly 750 how badly Arjo Wiggins Appletou was hit by destock-700 ing in the second half of last year. Consequently forecasts Source: FT Extel for the Anglo-Freuch group's 1995 profits, excluding excep-Rolls-Royce, the aero engine and industrial power tional items, range widely from £180m to £210m, against £229m in 1994. Acquisitions on the group, announces full year results on Thursday, with ana-

lysts expecting pre-tax profits of between £150m and £160m, compared with £101m last time. It has had a string of more than offset by decline in demand and the £100m cost of recent successes in Asta, winning engine orders from Singa-

lines. The group is likely to be asked about the level of pricecutting in the business and the status of other impending engine orders, such as one from South African Airways.

BAT Industries is expected to report on Wednesday a rise in pre-exceptional pre-tax profits of about 25 per ceut to £2.45bn for the year to Decem-ber. Tobacco will lead the way with a rise of some 33 per cent in operating profits. The acquisition of American Tobacco, recovery in Brazil and fast rising volumes in eastern Europe will all contribute. Financial services profits should be up about 15 per ceut to £1bn. The net dividend should rise by about 10 per cent to 24p from normalised earnings per share

up 13 per cent at 48p. Cadbury Schweppes will show pre-tax profit growth of about 10 per cent to £525m when It reports year-end results on Wednesday. On the positive side are the first 10 month's contribution from Dr Pepper/Seven-Up Companies in the US, elimination of heavy losses from Spanisb bottling and encouraging growth from

some overseas drinks markets such as Sonth Africa. On the negative side, confectionery has had a dull year thanks to hot weather in the UK and plant commissioning costs in some countries. Expect a divided of 16.5p (15.6p).

 Although RTZ, the UK-based mining group, and CRA, its Australian associate, completed the arrangements to become "dual listed companies" (which had the same effect as if they had merged) only in December, they will report combined results for 1995. The group has become much more difficult to analyse becanse it now produces such a wide range of metals and

minerals. But analysts forecast

that RTZ-CRA on Thursday up 5 per cent on pro-forma figwill report profit before tax ures from a year ago. and exceptional items somewhere between £1.39bn and £1.48hn.

Glaxo Wellcome, the world's biggest pharmaceuticals company hy sales, will on Wednesday March 6 present its first full year's results since Glaxo bought Wellcome. The figures will be complicated not only by the takeover but by the £1.2bu is provisions for the cost of merging the two businesses. Analysts are expecting proforma pre-tax pre-exceptional charge profits of about £2.5bn, up about 10 per ceut ou 1994. The increase will come about

partly because of the rapid reduction in debt levels possible by such a cash generative business, and in spite of falling sales from its largest and probably most profitable product. ulcer treatment Zantac. Turnover for the year should come in a shade under £8bn,

restructuring could feature in full year results on Thursday from Zeneca, the UK's third biggest pharmaceuticals company. In January, the company announced a £60m restructuring charge relating to its supply chain, and last month said it would put its seeds division into a joint venture. Its speciality chemicals operation could be looked at next, suggest analysts. The figures for 1995 will be distorted by the restructuring charge. Pre-tax pre-charge profits are likely to be more than £850m, compared with £659m last year. Turnover could be close to £5bn, compared with £4.48bn for 1994. Analysts will be looking out for sales figures for Zestril, the heart drug that is the company's biggest product but whose market is becoming increasingly competitive.

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The French government's decision last week to sell off most of its remaining stake in Total, the oil company, through its first "bought deal" £°re ar has done much to restore . (generation of the fille

maligned privatisation programme. By the end of last year, two difficult sell-offs had reduced the programme to tatters and landed the French with an uneuviable reputation as an inflexible and arrogant cus-

tomer. An abysmal share price performance by Usinor Sacilor, the steel company, since its privatisation in the summer, deterred investors from participating in December's privatisation of Pechiney, the aluminium and packaging company. Although Pechiney's shares

are now trading at a healthy premium to the issue price, the difficult launch and recriminations from investors that yet again the government had not listened to the market finally struck home.

With a heavy pipeline of pri-vatisations ahead - a target of start of the year, Rothschild make money on French privati-FFr40bn (\$8bu) has been set this year - the government needed a successful transaction to crase the bad memories investor confidence in its of 1995. Impressed by the speed and

INTERNATIONAL EQUITIES By Antonia Sharpe

Total stake.

efficiency of the UK government'a sale of its remaining £500m stake in British Petroleum through a bought deal last December, the French gov-ernment called in the same advisers, NM Rothschild, to conduct a similar auction of its

A bought deal involves a bank buying shares using its own capital and then selling them on to investors at a profit. It is riskier than a bookbuilt offering because the bank can suffer heavy losses if it unable to sell the shares. For the vendor, the bought deal route is faster but it usually has to accept a lower price in return for apeed and

secrecy. Taking advantage of the firm tone in the French stock marsale sent an important message

called about four banks or groups of banks to its Paris office late on Tuesday evening. On the block stood 9.5m Total shares, or 4 per cent of its capital, which would leave the government with a 1 per cent Crédit Lyonnais and Lehman

Brothers won the auction by bidding to sell the stock on to investors at FFr326 each, or a 2.4 per cent discount to Tuesday's closing price. They are believed to have earned a com-mission of between 0.5 and 0.7 per cent on the FFr3.1bn (\$619m) transaction. The speed with which the

stock was placed - by 9am the following morning - and the resilience of the share price afterwards delighted the French. "The sale has been a success for investors, for the company and for the government. Everyone is happy," said one government official. More importantly, the Total

sations. "This deal was a new departure for the French and it worked," said one banker involved in the transaction. Hopes are running high among the banks that the French government will use the hought deal technique more often, and that other governments will also use it to dispose of rump holdings. There is speculation that the French government will use this route to sell up to two-thirds of its residual 10 per cent stake in Elf, another oil company, and perhaps to sell stock in Crédit

But while the bought deal has given the French privatisation programme a new lease of life, it is not the answer for the many IPOs and secondary offerings which are planned because they would be too large for any bank to take on. To ensure that these are as successful as Total, the government will have to listen hard to what the market is saying.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries Worki indices are owned by FT-SE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are com-The FT/S&P Actuaries Worki indices are owned by FT-SE international Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are com-

ATIONAL AND			FRI	DAY MAR	CH 1 19	96				URSDAY	FEBRUAS	TY 29 19		DO	LAR IN	DEX
REGIONAL MARKETS Igures in parentheses how number of lines	US Dollar	96chg since	Pound Starling	Yen	DM	Local Currency	Local % chg from 29/12/95	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen	DM	Local Currency : Index	52 week :	52 wéék Low	Yeer ago (approx
stock	Index	29/12/95	Index	index	Index	Ancies,	28/12/90									
	902 57	6.6	196.51	135.03	155.44		4.1	3.81	201.10		133.69	153.66		202.57	158.79	163.8
ustralia (81)	197 12	7.2	161.52	124,73	143.58	143,42	10.5	1.60	186.23	180.35	123.80	142.29	142.14	199.28	168.11	186.3
			206.45	141.86	163.30	159.25	4.9	3.91	211.72	205.04	140.75	181.77	157.77	215.61	172.86	172.
		15.0	153.82	105.70	121.87	287.15	18.4	1.61	154.94	150.05	103.00	118.38	280.86	170.25	86.06	128.
		4.2	150.03	103.10	118.68	153.28	4.5	2.45	153.63	148.76	102.18	117.39	152.61	158.71	125.64	
		5.1	294.33	202.25	232.61	235.31	8.1	1.61	302.54	292.98	201.12	231.16	233.69	305.17	252.41	262.4
		-1.5	178.80	122.85	141.43	176.32	3.4	1.96	183.44	177.64	121.95	140.16	174,97	276.11	171.13	186.
			185.22	127.28	146.51	151.48	10.1	3.08	189.23	183.26	125.80	144.59	149.55	191.17	161.53	164.3
			168.59	115.85	133.35	133.35	9.5	1.83	172.55	167.10	114.71	131.84	191.84	173.79	142.25	151.4
			424.64	291.80	\$35.89	434.52	12.9	3.28	434.11	420.41	288.60	331.70	430,90	451.19	323.87	339.0
			252.45	173.48	199.68	233.07	3.8	3.33	258.47	250.31	171.83	197.49	231.18	262.70	205.44	214.
		1.9		51.05	58.76	89.31	2.3	1.69	76.32	73.91	50.74	58.31	68.74	82.71	65.45	75.
elanti (18)			74.28	99.71	114.79	99.71	-1.3	0.76	149.50	144,78	99.39	114.23	99.39	164.82	187.56	137.
		-3.5	145.11	353.14	406.49	S19.32	9,5	1.62	523.00	506.49	347.69	399.61	513.39	561.98	425.77	488.
apan (462) Adaysia (107)	529.77	92	513,91		850.67	9202.57	5.5	1.51	1060.47	1046.35	718.29	825.58		1237.14	647.91	809.
(alsysia (10/)	1108.65	7.0	1075.45	739.02		211.01	5.8	3.25	279.25	270.43	185.64	213.37	209.72	263.23	225.62	225
		2.8	271,45	186.53	214.72		0.9	4.65	B1.45	78.88	. 54.15	62.23	64.24	85.49	72.39	73/
			78,95	54.25	62.45	64.12		2.29	234.87	227.48	156.14	179.48	203.99	243.76	202.76	211.
			231.68	159.21	183.25		5.0								348.10	353.
			432.93	297.50	342.45	290.40	8.4	1.39	448.86	434.68	298.40	342.96	292.11	465.21		308.
lorway (33) lingapore (44)		0.8	377.20	259.20	298.36	331.03	7.8	3.18	390.81	378.47	250.81	298.61	330.57	437.76	308.18	
Singapora (44) South Africa (45)		5.8	169.59	116.54	134.14	164.43	8.3	3.66	175.32	169.78	116.55	133.96	164.32	175.88	124.10	133.
jouth Africa (45)			328.91	225.61	258.69	338.90	10.7	2.26	336.1e	325.55	223,48	256.85	335.92	342.56	232.23	243.
ipsin (37) weden (47)	338.45	8.4	225.32	154.83	178.22	173.29	2.9	1.57	291,18	223,69	153,70	176.65	171.76	239.55	171.94	173.2
weden (47)		-1.6		119.55	137.61	175.65	6.7	2.00	179,42	173.75	118.27	137.09	175.55	193.95	130.15	147.6
heilend 146)		5.8	173.97	154.45	177.78	224.76	2.1	4.06	230.54	223.26	153.26	176.15	223.25	235.50	193.41	194.0
haieno 140)	231.70	0.5	<u>22</u> 4.76		201.96		4.8	2.50	261.90	283.83	174.11	200.11	261.90	269.11	197.20	198.9
hailand (146) Inhad Kingdom (205) ISA (631)	263.24	4,6	255.35	175.47	201.80											
ISA (631)			232.91	160.05	164.23	201.83	4.9	2.20	298.79	231.25	158.75	182.45	200.76	245.54	180.00	182.0
	- 240.10	4,0	200.24	137.60	158.39	178.85	S.3	2.99	205.32	198.84	136.50	156.88	177.37	206.61	189.63	172.2
urope (730)		2.6	283.47	194.79	224.22	253.80	8.6	2,11	290.21	281.04	192,93	221.74	251.39	295.02	222.22	252
urope (730)	202.22	6,0		108.89	125.35		0.5	1.16	163.07	157,92	108,40	124.59	111.50	171.67	146.97	146.6
		-1.1	158.47	120.79	139.04	137.28	2.7	. 2.05	180.57	174.87	120.04	137.97	135.44	183.39	157.A2	157.4
actific Basin (632)	181.20	0.7	175.77		196.84	255.88	4.8	2.21	255.22	247.16	168.87	195.01	254.50	262.28	182.77	194.4
are-Pacific (1662)	256.53	4.8	248.85	171.00	144.08			2.41	188.71	180.82	124.12	142.86	151.22	187.97	152.02	156.1
Inth America (732)	187.74	4.0	182.12	125.15	222.84		8.8	2.92	297.79	278.70	191.32	219.90	251.57	292.69	229.25	237
			261.09	193,15	140.04		3.0	2.07	181.84	176.10	120.89	138.94	140.58	184.71	157.90	157.5
		- 69	177.04	121.66		171.73	3.9	1.93	204.14	197.69			170.76	207.64	167.83	187.8
und Fr. US (1754)		2.7	198.85	136.65	157.29		5.8	2.53	237.91	230.40	135.71	155.98		242.17	187.55	169.0
Vorid Ex. UK (2180) Vorid Ex. Japan (1903)	204.99		232.03	159.44	183.53	20.00	3.6	2-30	23(3)	230,40	168.16	181.76	224.11	242.1/	101-00	Theut
(1009)				138.23	159,12	176.52	3.8	2.13	206.46	199.97	137.27	157.76	175.51	209.73	170.18	170.1

The World Index (2385) stonal Ltd., Goldman, Sacha & Co. and Sta

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FINANCIAL TIMES MONDAY MARCH 4 1996

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To all those MARKETS: This Week TOKYO By Emiko Terazono LONDON By Philip Coggan FRANKFURT By Andrew Fisher **NEW YORK** By Richard Waters While fears of rising interest IN VISIO CUIVE AND Further evidence of Germany's The US stock and bond The focus of tha week will Benchmark yisid curve (%)" 23/2/96 - Month ago rates seem to bave subsided Benchmark yield curve (%)-23/2/96 - Month ago markets start this week in better shape than they did last Benchmark yield curve (%)* 23/2/08 stagnant economy will emerge this week with a batch of undoubtedly be Thursday's - Month age after last week's Bank of meeting between Mr Kenneth 7.00 Japan's tankan, the quarterly 7.80 7.00 statistics that will be eagerly studied by the bond and equity Clarke, the chancellor of the week; their string of losses survey of business sentiment ended on Friday as hopes returned that US interest rates 6.00 exchequer, and Mr Eddie George, the governor of the 7.30 confirmed that the economic 6.00 markets. 5.00 recovery is a gradual one. will be cut again soon. On Tuesday, fourth-quarter Bank of England, Financial 6.80 5.00 5.60 easonal activity is likely to The high level of volatility that continued throughout the gross domestic product figures markets hope they will agree 4.00 affect the Tokyo financial 4.00 5/ are expected to show a dip over last year's third quarter, UBS 6.30 ; to a further cut in base rates, 5.20 markets in the near term. probably a quarter of a week, though, suggests that 3.00 the markets will remain choppy until a clearer picture Bond and stock markets are 4,80 reckons it could be 0.6 per percentage point reduction to 6 years 20 25 10 years 20 30 10 years 20 5 expected to fluctuate on per cent. cent All yields in All yeakis are marked Al yields and Storger Mart last-minute profit-taking ahead "At yields are maries o Unemployment data for emerges of how strongly the US economy is rebounding A weak purchasing of the fiscal year-end. Banks February, likely on Wednesday, should show a managers' survey on Friday Nikkei 225 Ave FT-SE-A All-Share Index DAX Index are writing off their losses es Industrial Ave from its late-1995 slowdown. bolstered the case for a cut. 20600 1,855 -2,520 from the jusen, the ailing 5,700 further rise, with The bond market is likely to However, there are some fears housing loan companies, and Westdeutsche Landesbank that this might be the last remain in the driving seat. 20400 1.850 5.650 2,500 low investment returns and looking for 4.2m (10.9 per cent) unadjusted and 3.92m (10.2 per with equities unable to resume reduction in the rate for a stagnant growth in insurance their neward march until 5,600 while: short sterling futures. 20200 premiums are likely to force cent) seasonally adjusted. Industrial output and new order figures could add to the 2,480 fixed-income investors recover the market's vehicle for 1,840 life insurance groups to realise from their bout of jitters. speculating on interest rate 20000 2,460 profits on stocks and bonds. The highlight of the calendar movements, are pointing to 1.835 5,500 Continuing effects of the base rates back at 6.25 per cent gloomier picture. will be February's employment 19800 23 5,450 23 . 28 2440 23 tankan survey are expected to 1,830 2 27 28 by the end of the year. "Forecasts are only now report, which will bring the 27 26 Both gilts and equities will help bonds. "The markets were Feb 94 beginning to acknowledge the Feb'8 first official data on economic Feb/9 Source FT Excel Source FT Exel getting a bit too excited about continue to be affected by the true weakness of the German ET Exad conditions last month. the prospects of a BoJ rate hike, and the bond market "economy," WestLB said. Economists at Salomon volatile mood of Wall Street, After a weather-induced drop Meanwhile, the stock market stretched, relative to both of some 200,000 in January. statistical distortions and bond end of the week, thanks largely where the vield on the 30-year rallied strongly following the tankan's release," said SBC faces settlement for March Brothers expect combined west Treasury bond briefly touched conventional and index-linked market reverses affected the non-farm payrolls are expected to have risen by some 300,000 to the rally in short-term rates. futures and options this week from 89 basis points the week 6.5 per cent last week and the and east German economic January data - before further gilts. Investors will be booing that Warburg in Tokyo. Participants have become last month. That is double the Dow Jones Industrial Average growth to be only around 1 per easing can be considered before. increasingly wary of long towards the end of this month has frequently beeo triggering the trading restrictions which The survey showed the results season, which has cent this year. average monthly growth in the While stocks generally may positions on arbitrage trading Against this subdued been solid so far, continues to companies were still burdened or in April. final months of last year, but recover their balance, the reaching a record 3.2bn shares Lower interest rates would apply after 50-point moves. contain no nasty surprises. ackground, speculation of with excess employment, technology sector faces a coming after January's fall Another concern is the jusen inventories and capacity, with would point to only a moderate difficult period after its rout on Gilts were particularly weak The leading companies due to further short-term interest rate certainly help underpin the liquidation scheme. Although announce results this week cuts by the Bundesbank stock market, which touched a all indices improving only in February, with the yield on pick-up in activity. Friday, prompted by a warning the coalition government is If the Treasury yield curve new record on Friday when the include Smith & Nephew, BAT, marginally. With inflation still the 10-year issue rising from continues. None came at last of slower growth from poised to approve the plan, Cadbury Schweppes, Glazo Wellcome, T&N, Ladbroke, week's council meeting, but continues the steepening that computer maker Compag. less than 7.5 per cent to 8 per DAX blue chip index scraped almost non-existent, concerns which involves using Y685hn cent over the month. It will the timing of the pert discount past 2.500 points. Its rise so far over higher interest rates. was notable on Friday, the It is an encouraging sign for this year has been 11 per cent, more than in the whole of 1994. in public funds, it is also trying probably need a fall in yields for the FT-SE 100 index to Rolls-Royce, RTZ, Sun Alliance and Lombard rate moves is prompted by comments from equity market should find a the stock market as a whole. to ease public anger by calling widely discussed inside and Mr Wataru Kubo, the finance though, that this sector's and Zeneca. Recent economic firmer footing. for an increased proportion of weakness means companies outside the bank. troubles failed on Friday to mount a renewed assault on its The dollar's rise helped, as minister, that pensioners were The spread between two and the losses to be absorbed by suffering from low rates, seem 30-year bond yields grew to dent the recovery of confidence all-time high of 3,781.8. Equity have the potential to M3's high initial growth rate did continued expectations of the banking sector. to have been alleviated. this year has to be overcome higher corporate profits. around 108 basis points by the in the broader market. valuations are starting to look disappoint. teratele trava port COMMODITIES By Kenneth Gooding **OTHER MARKETS** Compiled by Michael Morgan 1. 1. 1. Silver demand outstrips supply if other large holding compa-nies, which have held a fasci-The bank's year-end target in his European model portfo-In a year-on-year compari-son, the US currency's fall is for the index is 2,050, compared lio from 3 to 6 per cent at the AMSTERDAM nation for the French for with 1,886.6 on Friday. UBS same time as he upgraded an not as dramatic as it once was. already overweight German The market will be hoping The dollar is a key factor in decades, might now follow suit. says earnings expectations are standing up better than those long-term objectives. "These The market, which broke through the 2,000 level again position from 16 to 19 per cent. Silver supply in 1996 will fail to ver, used mainly in photofor further impetus from the Amsterdam because many for core Europe and the market graphic film, jewellery and silinvestors appeared unwilling corporate reporting season bourse-listed companies are still appears to offer good value

keep pace with consumption the seventh successive year there has been a supply deficit. Hnge stocks of silver were built up in the 1980s but, according to the New Yorkbased CPM consultancy organisation, during the past six years 640.5m troy ounces of the metal has been drawn from stocks to cover the deficit.

CPM reckons there is less than 700m ounces left in global stocks.

The organisation's annual Silver Survey, sponsored by 14 hig corporations covering every sector of the business, was launched last week in New York and there will be presentations in other venues, beginning tomorrow in Mexico City. CPM projects demand for sil-

BIDDER/INVESTOR

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CROSS BORDER M&A DEALS

TARGET

West Publishing (US)

verware, will rise by 3.6 per cent to 714m ounces in 1996 while supply is forecast to increase by 1.7 per cent to 535.9m. This would leave a deficit of 178m ounces, up from last year's shortfall of 186.7m. Mr Jeffrey Christian, CPM's managing director, suggests that silver's price will this year average \$5.86 an ounce, com-pared with \$5.20 in 1995. He says the price will go above \$6 markets. at some point in 1996 but it would take "some major scares" in the US presidential

election to force it above \$7.

However, much of the remaining silver stock last

year came under the control of

new investors, including insti-

tutional investors. with

SECTOR

Publishing

to snpply silver to the market after last week's string of comat current prices. Instead, they pany results led tha AEX index to a succession of all-time appeared to bave price targets of \$8 [an ounce] and higher," highs, writes Ronnld van de says Mr Christian. Krol Oil ministers from several members of the Organisation of Petroleum Exporting Countries meet in Vienna today to review the group's production and to prepare for the possible return of Iraqi oil to world

Oil analysts say Opec is producing about 25.6m barrels a day, well above the 24.52m h/d production ceiling of the group. A sale of \$2bn of Iraqi oil to raise funds for relief supplies would require the market to absorh an additional 700,000 h/d or more.

COMMENT

Thomson's biggest buy yet

VALUE

£2.3bn

dependent on exports to overof the domestic market.

At cyclical companies such The demerger plan from as Hoogovens, due to report on Chargeurs last week caught Thursday, the emphasis will not be so much on 1995 results, many by surprise, so much so widely expected to be strong. that the shares of the media as on the outlook for 1996 and and textiles conglomerate beyond. Last week, shares in soared by 12 per cent on the day of the announcement,

Akzo Nobel faltered briefly after the chemicals company writes John Pitt. said it had only modest expec-In a sense, the Chargeurs tations for the year. proposal, to split into two sepa-One reason for the generally positive reception given to company results so far is the

fact that the dollar's influence is waning with the passing of each successive quarter.

PARIS

on Priday, was also fascinated hy the takeover bid by Paribas at around 10 times 1996 earnfor Navigation Mixte, the holdings. It notes that Swedish bonds have corrected and ing company, having failed in vields should remain at cura previous attempt in 1989. If successful, the financial group rent levels, while dividends grow by 13 per cent. Moreover, could well dispose of some of Navigation's elements the krona is likely to weaken,

STOCKHOLM

Even after last week's sterling performance, which saw the Affärsvärlden post all-tima highs on Tuesday, Wednesday and Friday, many analysts believe the market has further to go. Stockholm is, for example, UBS's favourite market, offering, it says, the best value, best fundamentals and the

CURRENCIES By Graham Bowley

HONG KONG

Corporate results will grab the limelight in Hong Kong this week, with Hongkong Electric and Cathay Pacific finals among the more prominent reporters, writes Louise Lucas.

always an important influence Speculation about forthcom Morgan Stanley is also opti-mistic, on the basis that cycliing share placements persists after the rash of cash-raising cals will outperform this year exercises in the first two months of the year, and this is in response to an improvement suppressing the share price of targeted stocks. in the dollar, an economic recovery in Europe and refla-

investors are also keeping a wary eye on the US, where rising bond yields and the outlook for interest rates stand to affect the fortunes of the local bourse.

Attention turns to US rates as Tokyo props up dollar

on Swedish equities.

banks.

tionary moves by central

Last week, Mr Richard

Davidson, Morgan's European

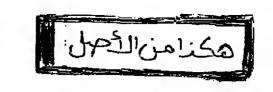
equity strategist in London,

doubled the Swedish weighting

come the relatively small size

rate and listed organisations, was a long time in the making and may finally have been triggered by similar practices recently in the UK. Analysts are now wondering right sector mix.

					- 1													
UKJ/Mobil (US)	Marger	Fuels & lubrication	£1.65bn	Downstream restructuring	The US	dollar rec	overed on	Dealers	this week will		l developments	in the do	ollar and Spanish p	eseta, with	Australian go	vernment would		
th (Germany)	Unit of AlliedSignal (US)	Engineering	£970m	Strengthening	- Friday a	after a week	k in which	looking fo	or further signs	of race for t	the Republican	presi- el	ections in both th	nese coup-		tackle the coun-		1. <u>1</u> 14
				braking business	larly int	ik of Japan ervened to p	naa regu- prop it up.	attention w	intervention, I will also turn to.	the likely to :	affect the dollar	r.	ies over the weeke Financial mark	tets are	Figures on	German indus-		
ran der Grinten UK	Unit of Slemens (Germany)	Office prods	£358m	Phint purchase	- The Ja	apanese tani	kan survey		ection of US inter		ts said the cu		specting a change		trial production	on and manufac-	1 .	- * -
International (UK)	Karmet (Kazakhstan)	Steel	£292m	Expansion plans		nut paid to en miniment ris		Friday of J	the publication key US employment	ent anan the	fer if Mr Pat right-wing can	didate. tr	ent in both Spain alia. This is likely			this week are ow weakness in		
Cola Femsa (Mexico)		Soft drinks	£79m	Stake to 75%		pressing th			ions of a further	was to m	ake further pr ace. Investors	oeress tiv	ve for their curren is likely to imply	cies since t		conomy, fuelling f further German		
sse (Switzerland)	Mebane Packaging (US)	Packaging	£60m	US expansion	rency, v	while data	showing a	in US inter	rest rates at the F	red- been trot	abled by the p	protec- se	rvative economic	policies in i	nterest rate c	uts.		
heraton (US)	Park Lane Hotel (UK)	Hotels	£44.6m	Agreed offer	~ large ris	se in Japani je reserves i	se foreign		we's next meeti month could int		dealers said.		oth cases. But analysts said	the mar.	Italian cons	umer price data to show a lower		
man Tonka (UK)	Republic Industries	Building	£29.5m	Major move for	the Ban	k of Japan's	determina-	sify if the d	data point to furth	her Politics	could also inf	luence ke	ets would also be l	ooking for a	annual inflat	ion rate, under-	:	
	(US)	materials	00.7-	NT	- tion to 1	ift the dollar	r higher.	weakness in	n the US econom	y. the direct	ion of the Aust	bralian co	onfirmation that	any new g	pinning the lin	ra		
ore (UK)	Williams Group (Ireland)	Agribusiness	£6.3m	Agreed offer	FT GU	JIDE TO W		RRENCIES						-			· · ·	
NNOUNCEMENT APPE	EARS AS A MATTER OF RECOR	ONLY			The table o	nakow givies the k	where	re they are shown		Nay currencies on Pris orne cases market rai	es have been calcul	leted from thos	s the rate is nominal. Mari e of foreign currencies to	which they are tie	ed.	nd selling rates except		$(1,1,2,\dots,p_{n})$
								US \$ D-MARK	(X 100)		L STG US S	D-MARK	(7 180)		STG USS	D-MARK YEN		
					Afginanistan Algonia Algonia Andorra	(Alghani (Lak)	7259.99 47 149.478 97	50.00 3218.38 .8000 88.2647	4564.28 Greece 82.7410 Greenium 50.8177 Greenium 4.71958 Gaudatou 117.733 Guan 5343.51 Guatem 2.6903 Guines 0.9480 Guines 0.9480 Guines	Directional d Dariati Konet e (E Carb S) upa (Local Fr) dis (Local Fr) dis (Durgat) Fr) Bissau (Preci) (Suyancia S)	369,812 241,980 0,7151 5,7021 4,1257 2,7000 7,7297 8,0574 1,5284 1	163.941 3.8635 1.8294 3.4257 0.5775 4.1875 875.520 12220.3 94.1121	229.444 Paldstan 8.4071 Pinnena 2.5903 Papus New Gui 4.7955 Panguay 0.9483 Peru 5.8611 Prilippise 945.427 Pitcaim Is 17103,0 131.716 Poland	(Pak Rupes) 52 (Beboa) 1.	.5344 34.3656 .5284 1 1.0696 1.3541 72.08 3010.00 .8009 2.3560 .0135 26.1900 1 0.6543	23.2845 32.5879 0.6776 0.8483	· · · ·	1.013
		LAT	TNV	FST		(French Fr) (Sp Peseta)	7.7237 5	L0574 3.4257 4.153 64.1218	4.7958 Guadalo. 117.733 Guan	Local Fri (US Si	308/812 241,960 0.7151 5,7021 4.1257 2,7000 7,7297 8,0574 1,5284 1 9,4457 0,1808 1522,81 997,000 27566,2 1808,00 272,295 136,900	3.4257	2.5003 Papus New GU 4.7958 Paraguay 0.9483 Paru	RGuarant) 30 RGuarant) 30	.0696 1.3641 72.08 2010.00 .6009 2.3590	0.9170 1.2941 1361,88 1906.03 1.5969 2.2541		•
					Angola Angua	E Carib S	9612.53 56 4,1267 2	35.00 3816.01 1,3294	5343.51 Gustame 2.5603 Guines	in (Curgal)	9.4457 0.1808 1523.81 997.000 27566.2 16086.0 212.285 136.900	4,1878	5.8611 Philippipes 945.427 Pitcaim is	Fesci 40. IC Starling)	1 0.6543	17,7383 24.8258 0.4433 0.6204		
					Angola Angua Argantina Argantina Anatra Australia Australia Australia Azartaijan Azartaijan	(Dram) (Dram)	7259.50 473 149.475 97. 41.4368 53. 7.7237 54 139.759 122 9612.53 562 4.1267 2. 1.5250 0. 615.7527 400 2.7369 1. 1.5269 4. 1.5269 4. 1.527 4. 1.5	750.00 3218.38 74000 ma.246.7 3.8106 36.324.2 5.0574 3.4025 3.8106 36.324.2 5.0574 3.4025 3.8107 3.6324.2 5.0574 3.4025 2.155 64.1218 5.820 3616.01 3.8100 3616.01 3.8100 372.572 3.7100 1.2125 3.3132 0.8993 3.4125 0.4993 3.4120 0.21425	1.8974			12220.3	17103.0 131.716 Poland Portugel 15.3393 Puerto Rico	Patk Rupper 52 (Balboa) 1. nee (Galarant) 30 Plew Soft 3. (Fasci 40. 3. (Rourrant) 30 (Rourd) 33 (Bootot) 33 (Bootot) 33 (Bootot) 33 (US S) 1.	1,0000 1,3541 1,72,06 2,3560 1,0009 2,3560 1 0,8543 1,2679 1,4837 1,9234 2,5670 3,684 153,025 1,5284 1	23.2845 32.5879 0.6776 0.4843 0.9170 1.2841 1391.88 1998.03 1.5963 2.2341 17.7383 2.48259 0.4433 0.4629 1.0053 1.4699 1.7393 2.4542 105.983 145.109 0.6775 0.9483		
					Australia	(Aus S) (Schilling)	2.0072 1.	.3132 0.8995 1.3800 7.0530	1.2459 Hat5 1.5451 Honduma 4215.07 Hong Kor 145.109 Hungary		24.7234 10.1780 15.9555 10.4400 11.8189 7.7316 217.805 142.505	10.9901 7.0737 5.2385 98.5546	15.3393 Puerto Rico 2.9000	(US \$1 1.		0.6775 0.9483		. P
					Azarbaijan. Azares	In our Carolina		45.00 3011.72 AL25 103.683					7.3316 Capper 135.134 Reunion Is. de la Romenta 63.0127 Russia	(Pilyal) 5. a (54Fr) 7. (Lou) 43 (Rouble) 09 (Rouble) 7396 (Fr) 33	5549 3,6410 .7297 5,0574 94.16 2575,00 9970 0,6541 5,89m 4839,90 6,248 220,000	2,4670 3,4527 3,4267 4,7958 1947,96 2726,25 0,4432 0,825 3279,02 4696,16 149,062 208,620		• •
<u> </u>					Echarres Balvain	(Baterine S) (Dinet)	1.5284 0.5783 0. 189.789 124	1 0.6776 0.3770 0.2654 74.155 84.1216	0.9453 iceland 0.9575 india 117.733 industrial	(Icelandic Krona) (Indian Rubert)	101.582 86.4500	45.0234	63.0127 Ruseia 32.7626	(Rouble) 09	94.16 2875.00 9970 0.6541	1947.96 2726.28 0.4432 08203 3279.02 4689.16 149.062 208.620		
ODE	BRECHT OVE	RSEAS L	IMITE	ן נ	Balearic Is Bangladesh	(So Peceta) (Taka	189.789 13 61.9002 40	0.3770 D.2654 74.155 B4.1216 0.5000 27.457 0.5000 27.557 0.5625 20.566 0.5625 20.566 0.5625 20.566 0.5740 342,551	117,733 Indonesia 38,4050 Inter	Datandic Kronaj Drđam Rupustj (Plazisti (Plazi (Plazi (Plazi (Plazi (Plazi (Plazi (Stretve) (Drasi	101.582 86.4500 52.6005 34.500 5358.72 2514.00 5585.20u 3000.00 0.47520 0.3109 2284.40m 1000.00 0.9716 0.6357 4.7409 3.1019 2366.86 1591.65	45.0234 23.4094 1567.86 0.2107 677.553 0.4307 2.1017 1058.12	Homenia 62.0127 Ruseia 52.7528 2194.30 Rivenda 2844.82 0.2946 St Christopher 948.272 St Helena 0.4028 St Luch 2.9414 St Pierre 1460.89 St Vincent					
					Serbedos Belerus	(Pouble) (Pouble)	18615.90 12	A.155 BA.1216 1.5000 27.4409 2.0113 1.3525 1.5025 20.5585 2.0000 1.3551 2.0000 1.3551 1.04575 1.04575	36.4050 Inin 1.9073 Ineq 11550.0 Ineq 28.7739 Ineh Rep	(ract Drar)	0.47520 0.3109 528.40m 1000.00	0.2107 577.553	0.2948 St Christopher 948.272 St Helena	63	1 2.7000	1.8294 2.5603 0.4433 0.6204		
					Baliza Banin	(E S)	3.0568 2 772.970 50	1.3551 5740 342,5%	1.8955 trail 479.579 kgy	(Singles)	4,7409 3.1019	2.1017	948.272 St Helena 0.6026 St Lucia 2.9414 St Plone 1460.89 St Vincent San Marino	French Fr) 7.	1267 2.7000 .7297 5.0574	1.6294 2.5603 3.4267 4.7958		
				1	Sentructa Shutan	(Neutrum)		1 0.6775		Liemsican St			35.5802 Seo Tome	(Dobra) 230	30.40 1981.48 30.40 1982.13	1.8294. 2.6003 1058.12 1480.89 1254.92 1758.79		
	LIC CEA	000 00	20	1	Baharras Baivain Bolestic III Bangkadeoth Bartendos Belenus Belenus Bernus Bernus Bernus Brunel Buten	Batama S (Dram Sp Paveta) (Bog Pay (Bog Pay (Bog Pay (CFA Pa) (Barrouta (Paula) (Paula) (Barrouta (Barrouta (Barrouta (Barrouta (Barrouta (CFA Pa) (CFA Pay (CFA Pay)	e1.5002 40. 3.0741 2. 18715.50 121 48.37355 50. 3.0565 2. 772.570 502 1.5284 52.8053 3.4. 7.5420 3.4. 4.5523 2.2. 1.5037 0. 2.1581 1. 1.17.501 77.	1 (19/79 4,650) 23,4694 4,0000 1,3678 2,8718 2,0135 2,9638 0,6685 1,4120 0,8567 7,8750 52,8224 25,740 342,656 3,5455 1,845 56,962 1,75,450	32,7628 Jaynaka 4,7414 Japan 2,8186 Jordan 0,8329	(Veni) (Jordanian Dinar)	57.8150 37.5000 181.170 105.455 1.0555 0.7090	25.4052 71.4513 0.4804	San Merino 35.5602 Seo Tome 100 Seuto Avable 0.6723 Sentgal 20075 Sentgal 20075 Sentgal 20075 Sent Leone 55.4525 Signa Leone 56.4525 Signa Leone 50.0735 Signa Southa 2.0588 Bowens 742.070 Solario 0.2597 Southa Ports in 1504.67 3.4635	(2) TE Canto Si 4. (Franch Fr) 7. TE Carto Si 4. (Ration Line) 201 (Poyoth 5. (Phyoth 6. (CFA Pr) 772 (Rupoth 134 (Leone) 134	1287 2.7000 1 0.5543 1287 2.7000 7.297 3.0574 1.057 3.0574 1.057 3.7500 85.96 1581.89 1.057.40 1.587 3.7500 0.278 690.000 1.591 1.4120 3.2910 30.074 3.595 3.5074 3.595 3.5074 3.597 3.50774 3.597 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774 3.50774	1,8294 2,6003 0,4435 0,6204 1,8294 2,6003 3,4287 4,7850 1,8294 2,6003 1058,12 1480,89 1254,82 1756,82 2,5410 3,5653 3,42,866 479,579 3,33471 4,6845 603,022 6,42,982 0,3567 1,3560 20,3885 2,8,5340 60,1848 126,131 2,3752 3,3275 1775,10 3,494,47 2,6597 1,569 64,1216 1177,733		
	U.S.\$50,	000,00	JU		Brunel Bulgerte	(Brune S)	2.1561 1.	.4120 0.8567 .9750 52.2224	1.5350 Kazakreta 73.0681 Kazakreta 479.579 Korbeta	an (Tenge) (Kenye Srilling)	99.8421 65.3900 99.3350 56.4500	44.3052 39.6030	62.0075 Siena Leone 55,4285 Singupore	(Leone) 130	5503 4,9400 60,78 890,000	3.3471 4.6645 603.022 843.962		
	Euro-Commercial	Paper Prog	ram	1	Burtano Faso Burma	(CFA Fr) Pryzag (Burundi Fr)	772.970 502 8.8602 5. 395.797 255	25.740 342.668 15136 3.8424 55.962 175.450	221/60 Jordan 0.8255 1.5350 Kazakreti 73.0881 Yanya 473.579 Kirtaga 5.5178 Korea No 245.509 Korea So	tan (Tenge) (Kenye Shitang) (Assensien S) psth (Wan) suth (Wan) (Sumuti Diner)	99,8421 65,3900 59,3350 58,4500 2,0072 1,3132 3,2891 2,1500 1186,05 752,850 0,4557 0,2398	44.3052 39.8030 0.8598 1.4587 530.218 0.2025	62.0075 Siena Leone 55.4265 Singapore 1.2453 Stovatos 2.0568 Biovens 742.070 Solomon la 0.2833 Sonall Rep	(Korune) 45. (Toler) 203	3910 30.0915 3.391 133.074	20.3695 28.5349 90.1648 126.191		
				1		(File)		1558.37	2181 03			0.2025	0.2832 Somali Rep South Airice	(19) 5. (Shiling) 400 (Send) 5	3535 3.5027 34 41 2620 00	90.1946 126.191 2.3732 3.3275 1775.10 3494.47 2.6391 3.6935		
	— Guarant	eed by -		{	Camarson Canada	CIFA Fri Curvedian St	772.970 50	25.740 342.685 1.3688 0.8273 24.155 84.1218 2.8700 581.2165	479.579 Lace 1.2978 Latvia 117.733 Leberton	(New Kip) (Late)	1406.13 820.000 0.8378 0.5480 2425.10 1585.79 5.8531 3.8960	523.349 0.3713	872.410 Spain 0.5197 Spanish Ports in	(Paseta) 18				
					Centoda Centroda Canada Canada Canany Is Coverse Canany Is Coverse Coverse Coverse Control Con	(Rie) ICFA Fr) Conscient SI ISp Possial (Of Encude) ICFA Fr) ICFA Fr)	3515.22 237 772.970 802 2.0017 1: 185.61 82 125.61 82 1.2565 0. 772.970 505 621.050 40 122.716 0. 1580.61 104 960.852 377	25.740 342,685 5.3658 0.8273 3.185 84.1275 2.4700 552,766 3.42,865 3.740 342,865 3.741 342,865 3.741 342,865 3.741 342,865 3.7421 8,5330 1.450 278,778 1.521 8,534 2.57,421 3.529 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,759 75,757 75,759	478,579 Lace 1,2578 Lace 1,2578 Lace 117,738 Latenon 78,4781 Lotenon 0,7854 Liberia 479,579 Liberia 479,579 Liberia	(Jata) (Lata) (Labarner 2) (Mauch (Löyen Diner) (Löyen Diner) (Löyen Silver) (Löyen Silver) (Löyen Silver) (Löyen Silver) (Löyen Silver)	1 4254	823.345 0.3713 1075.11 0.6776 0.2409 0.8154 2.7102 20.5586	80um Ande 872-410 Spain 0.5997 Spain Ports in 1504.67 0.9463 Sh Lanka 0.3771 Su Lanka 0.3783 Sudan Rep 1.1412 Sudnam 3.7837 Swaziland 28.7729 Swaziland	(Report) 186	1.789 124.155	84.1216 117.733		
					Cent. Alr. Res Chad	CFA Fr	772.970 50 772.970 50	24740 3821469 MS292 0.5612 15.740 342,865 11.450 278,779 13.2711 5.5329 14.570 705,129 14.578 257,471 15.740 342,065 15.740 135,181	78.6761 Lasotho 0.7854 Libera 479.579 Libys 479.579 Libys	(Libyan Dinar) Main (Swise Fr)	0.5454 0.3555 1.5362 1.2034 6.1136 4.0000 46.3755 30.3425	0.2408	0.9453 Sri Lanka 0.3371 Sudan Rep 1.1412 Surinern 3.7831 Swaziland 28.7729 Sweden Switzerland	(Puppe) 82. (Diner) 133 (Guilder) 826 (Linngen) 53. (Krans) 10. (Fr) 1. (C) 64. (S) 64.	0522 53.6850 2207 85.5000 8531 3.8950 3386 8.7840 8382 1.2084 0400 41.0000 0250 27.4880 7.694 525.000	35,3744 30,9080 56,6083 82,0255 277,797 398,791 2,8597 3,6935 4,5830 6,4141 0,8154 1,412 28,3835 39,7355 18,6313 26,0755 362,491 307,325		
					Chira	(Childen Pesc) (Yuen) (Col Peec)	12,7160 8	1,450 276,779 1,3211 8,6380	390,166 Lithenia 7,8907 Luxambor	Arg Sut Fig		20.5586		(Lingen) 5. (Krona) 10.	9531 3.8950 3386 6.7640	58.8083 82.0255 277.797 588.791 2.6591 3.6935 4.5830 6.4141 0.8154 7.1412		
	CNC				Compros	TEA M	560.862 371 772.970 50	1.525 257 A21 5.740 342,895	390.166 Litherna 7,8907 Lucambo 998.889 393.275 Macadon 478.279 Macadon 189.152 Macadon 189.152 Macadon	re (Doner) cur (M3 Fri (Port Escurio)	12,2054 7,9854 68,2325 38,1000 6960,78 3900,00 253,894 1,53,025	8,4112 25,8148 2642,48 1 <i>03,8</i> 83	7.5733 Syria 36.1292 Talwan 3698.26 Talwan 145.109 Thaband	(C) 64.1 (C) 64.1 (S) 42.1	8392 1,2054 0400 41,9000 0280 27,4980	0.8154 7.1412 28.3895 39.7355 18.6313 26.0755 362.491 507.325	•	
	NI UIVO				Costa Rez Costa Alvoire Creation	(Colon) (CFA 5-7 (Kurta)	304.870 195 772.970 606	5.747 342,655	479.570 Madeka	(Port Escudo)	6960.79 3900.00 253.894 153.025	2642.48	3698.26 Tanzania	(Shilling) 817	7.694 535.000	362.491 507.325		
					Cuton	(Cuber Peep										17,0579 23,9154		
	CONSTRUTORA	NORBERTO ODE	TREDCHT S.	-	Cyprus	(Cyprus D	0.7119 0.	1 9.8775	0.9483 Malaysta 0.4417 Malaysta	(Finget)	3.8903 2.5453 17.9893 11.7700	10.5707 1.7246 7.9748				17,0579 33,9154 342,668 479,579 0,8698 1,2453		
	CONSTRUTORA		echt Grou	_	Cyprus Czech Rep. Dermark Dibrust Rem	(Cyprus () (Korune) (Danish Krone) (Danish Krone)	0.7119 0. 41,7437 27. 6.7151 6.	1 9.8775	5.1428 Maizwi 0.9453 Mainysta 0.4417 Matche A 25.6952 Mail Rep 5.4071 Matte	(Kuracha) (Filngpt) (Fallys) (CFA Fr) (Mates Ling)	3.8038 2.5453 17.9089 11.7700 772.970 505.740 0.6486 0.3590 7.7267 5.057	7.9748				17,0679 33,9154 342,668 479,579 0,6698 1,2453 3,8739 5,4215 0,6616 0,9119 45291,0 63387,2		
Le la	CONSTRUTORA			_	Cyprus Gzech Rep. Denmark Djibouti Rep Dominica Dominica	(Cyprus () (Koruna) (Dantati Krona) (Djitti Fr) (E Canto \$) (D Peeks)	1.5234 0.7119 0 41,7437 27. 8.7131 6. 241,544 188 4.1267 2. 21,2445 13.	1 9.8775	0.5453 Maleysta 0.4417 Meldve M 25.6952 Mel Rep 3.4071 Metta 1.51.724 Methana 2.5903 Maurthew 1.11210 Maurthew	(Panget) (Panget) (CFA Fr) (Addees Lray (Lotal Fr) (Ouguyes) (Mgr Rupes)	3.6908 2.5453 17.9989 11.7700 772.970 605.740 0.6496 0.5990 7.7297 5.0574 239.849 137.300 28.5961 15.7700	7.9748			5483 25.2200 1.970 505.740 0072 1.3132 7386 5.7173 4696 0.9817 (65.9 685.0 5284 1 0072 1.3132	17,0879 233/194 342,668 479,579 0,8698 1,2453 3,8739 5,4216 0,6516 0,9119		
Y				_	Dominica Dominica Dominica Ecuador	(Sucha)	1.5294 0.7119 0 41.7437 27. 8.7151 6. 244.544 18 4.1257 2. 21.2448 13. 4550.050 297 4401.75a 355	1 9.8775	4:9370 Maloret 0,9453 Maleret 0,9453 Maleret 25,6952 Mol Rep 3,6071 Marts 151,754 Marthola 2,5953 Maarthol 12,1810 Marthol 22023 Maarthol 22023 Maarthol 22023 Magueton 12,731,02 Magueton	(Anagoti Brangoti (CFA Fr) (Antees Uray (Antees Uray (Anter Ruper) (Mater Ruper) (Mater Ruper) (Local Fr)	2.5403 2.5453 17.9983 11.7700 0.6486 0.3990 7.7297 5.0574 0.5486 0.3990 7.7297 5.0574 1.7.300 25.5961 15.7700 11.6336 7.5920 7.7297 5.0574	7.9748		(CFA Fr) 322 (CFA Fr) 772 (Fa'angat) 22 (Diatr) 1.4 (Unat) 1021 (US St 1.1 Australian St 22 Australian St 21	5453 25.2200 2072 505.740 2072 1.3132 7386 5.7173 4696 0.9617 65.8 68645.0 5284 1 2072 1.3132	17,0879 33,0154 342,668 479,579 0,6698 1,2453 3,8739 5,4216 0,8816 0,8119 45231,0 63367,2 0,6776 0,9483 0,6896 1,2453		
Y				_	Egypt Bl Saturdar	(Sucra) (Suborg)	1.5234 0.7119 0 41.7437 27. 6.7151 6 244.544 18 4.1257 2 21.2448 13 4550.050 257 4405.75a 258 5.2191 3, 13.3858 0. 772.570 502	1 9.8775	0.8453 Meleytä 0.4417 Helofva 1 25.8952 Hel Fiag 5.4071 Helta 151.7754 Merthag 2.5953 Maurthaw 12.1810 Maurthaw 2253.01 Meseto 2731.02 Mejulia 3.2231 Meldow 8.2099 Mongola	(Values (Pariget) (CFA Fr) (Values Ling (Copulyes (Copulyes (Copulyes (Copulyes) (Copulyes (Lace) (Frencis Fr) (Coprile	3.0603 2.4453 17.9603 2.4453 17.9603 11.7700 772.970 655.740 0.6486 0.5990 7.7297 5.0574 209.849 137.300 20.5891 15.7700 11.8035 7.5620 7.2297 5.0574 6.2645 4.5700 7.7287 5.0574	7.9748		(CFA Fr) 772 (CFA Fr) 772 (Fa'anga) 2.1 (Domen) 1.4 (US 9 1.1 (US 9 1.1 Austration 8 2.1 (US 9 1.1 Austration 8 2.1 (US 9 1.1 (US 9 1.1) 153 (Corbovanets) 2683 (Dirtum) 6.1	5463 252200 5970 55740 977 1,3132 7386 5,7173 4696 0,9617 4698 0,9617 4698 0,9617 4698 1,973 5757 1,005,00 8136 9,9500,0 8136 9,9570 1,9570	17,0879 33,0154 342,668 479,579 0,6698 1,2453 3,8739 5,4216 0,8816 0,8119 45231,0 63367,2 0,6776 0,9483 0,6896 1,2453		
y	CONSTRUTORA			_		(Sucra) (Suborg)	41.7437 272 6.7131 6. 244.544 195 4.1257 2. 21.2445 13. 4550.050 2217 4401.79a 255 5.27191 3. 13.3858 0. 772.970 505 16.0626 111. 8.8547 6.0	1 0.5776 14859 0.3756 15.170 18.5055 2.7000 1.0846 2.7000 1.0846 2.7000 1.8294 4.8000 8.4180 177.00 2017.07 1.851.35 4.4149 2.27137 1.7600 6.4554 3.740 3.4289 8.740 3.4289	8.3089 Moneco 478.579 Moneco 11.2087 Monzula 6.5000 Moreco	(Validation (Particle) (CFA Fr) (Validation Ling) (Validation Ling) (Validation Ling) (Validation Particip (Validation Particip (Validation Particip (Validation)	23.9903 2.5453 17.9993 2.5453 17.9993 11.7700 772570 505,740 0.5496 0.5390 7.7257 5.0574 209.846 1.37.300 238.9861 15.7700 11.8036 7.5620 7.7287 5.0574 4.9645 4.5700 7.7287 5.0574 4.1267 2.7000 13.1606 8.8045	7.9748		(CFA Fr) 772 (CFA Fr) 772 (Fa'anga) 2.1 (Domen) 1.4 (US 9 1.1 (US 9 1.1 Austration 8 2.1 (US 9 1.1 Austration 8 2.1 (US 9 1.1 (US 9 1.1) 153 (Corbovanets) 2683 (Dirtum) 6.1	5463 252200 5970 55740 977 1,3132 7386 5,7173 4696 0,9617 4698 0,9617 4698 0,9617 4698 1,973 5757 1,005,00 8136 9,9500,0 8136 9,9570 1,9570	17,0879 33,0154 342,668 479,579 0,6698 1,2453 3,8739 5,4216 0,8816 0,8119 45231,0 63367,2 0,6776 0,9483 0,6896 1,2453		
Y	CONSTRUTORA			_	Echant Egypt B Selvador Squat 1 Guine Extraolid Extraolid Extraolid Faildand Is	(Source) (Source) (Colon) (Colon) (Criticon) (Ethiopian Barr) (Fall-12) (Caniati Vicani		1 0.5776 14859 0.3756 15.170 18.5055 2.7000 1.0846 2.7000 1.0846 2.7000 1.8294 4.8000 8.4180 177.00 2017.07 1.851.35 4.4149 2.27137 1.7600 6.4554 3.740 3.4289 8.740 3.4289	L3069 Monsco 47E.579 Monsco 11.2067 Monser 6.5000 Monsco Mozambio		21.33603 15.3761 3.3603 2.563 17.9692 11.7700 772.970 505.740 0.6496 0.5390 7.7257 5.0574 209.849 137.300 28.5981 15.7700 7.2297 5.0574 6.8645 4.5700 7.7287 5.0574 6.8645 4.5700 7.7287 5.0574 6.8645 4.5700 7.7287 5.0574 6.8645 4.5700 13.1606 8.670 4.1257 2.7000 13.1606 8.6945 15131.2 9800.00 15131.2 9800.00	7.9748 342.665 0.3432 93.0280 12.7177 5.1440 3.4287 3.0984 3.4287 3.4287 3.4284 3.4284 5.8296 5.8296	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Trinkda0/Tobago 479.579 Turtela 4.7955 Turtela 4.7955 Turtela 130.106 Turtela 4.7956 Turtela 4.7956 Unale 4.7958 Unale 4	(CFA PT) (CFA P	5463 252200 5970 55740 977 1,3132 7386 5,7173 4696 0,9617 4698 0,9617 4698 0,9617 4698 1,973 5757 1,005,00 8136 9,9500,0 8136 9,9570 1,9570	17,0879 33,0154 342,668 479,579 0,6698 1,2453 3,8739 5,4216 0,8816 0,8119 45231,0 63367,2 0,6776 0,9483 0,6896 1,2453		
Y	Deal	Odebr		_	Ecolor Egypt B Selvador Squal 1 Cuine Entrolia Entrolia Faldend Is Fill is Fill is	(Sucre) (Spysten 2) (Colony c (CRA Ry Proon) (Ethopien Bary (Ethopien Bary		1 0.5776 14859 0.3756 15.170 18.5055 2.7000 1.0846 2.7000 1.0846 2.7000 1.8294 4.8000 8.4180 177.00 2017.07 1.851.35 4.4149 2.27137 1.7600 6.4554 3.740 3.4289 8.740 3.4289	L3069 Monsco 47E.579 Monsco 11.2067 Monser 6.5000 Monsco Mozambio			7.9748 342.665 0.3432 93.0280 12.7177 5.1440 3.4287 3.0984 3.4287 3.4287 3.4284 3.4284 5.8296 5.8296	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Trinkda0/Tobago 479.579 Turtela 4.7955 Turtela 4.7955 Turtela 130.106 Turtela 4.7956 Turtela 4.7956 Unale 4.7958 Unale 4	(CFA PT) (CFA P	5463 252200 5970 55740 977 1,3132 7386 5,7173 4696 0,9617 4698 0,9617 4698 0,9617 4698 1,973 5757 1,005,00 8136 9,9500,0 8136 9,9570 1,9570	17,0879 33,0154 342,668 479,579 0,6698 1,2453 3,8739 5,4216 0,8816 0,8119 45231,0 63367,2 0,6776 0,9483 0,6896 1,2453		
Ľ	y	Odebr	echt Grou	_	Ecolor Egypt B Selvador Squal 1 Cuine Entrolia Entrolia Faldend Is Fill is Fill is	(Sucrey Burrey (Egystein 3) (Solon) (CFA Fy (Yoon) (Falk 5) (Denies Morrej (Fel 5) (Marka) (Fel 5)		1 0.5776 14859 0.3756 15.170 18.5055 2.7000 1.0846 2.7000 1.0846 2.7000 1.8294 4.8000 8.4180 177.00 2017.07 1.851.35 4.4149 2.27137 1.7600 6.4554 3.740 3.4289 8.740 3.4289	L3069 Monsco 47E.579 Monsco 11.2067 Monser 6.5000 Monsco Mozambio			7.9748 342.665 0.3432 93.0280 12.7177 5.1440 3.4287 3.0984 3.4287 3.4287 3.4284 3.4284 5.8296 5.8296	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Trinkda0/Tobago 479.579 Turtela 4.7955 Turtela 4.7955 Turtela 130.106 Turtela 4.7956 Turtela 4.7956 Unale 4.7958 Unale 4	(CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (US P	546.1 25.2200 1370 55.740 9370 55.740 9072 1.3132 7380 5.7173 4690 0.0611 9072 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9075 1.3132 9077 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9077 1.3132 9077 1.3132 9077 1.3132 9075 1.3132 9075 1.3132 9076 1.3132 9077 1.3132 9078 1.3132 9079 1.3132 9079 1.3132 9079 1.3132 9081 1.2725 90850 1.2745 90850 1.31344 90850 1.31344 90850 1.31344 <td< td=""><td>17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566</td><td></td><td></td></td<>	17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566		
Y	· Deal	Odebr	echt Grou	_	Egypt B Selvador Squail Carro Bartola Ethopia Faros Faros France F, Calarre F, Calarre F, Calarre F, Calarre	(Sucrey Burrey (Egystein 3) (Solon) (CFA Fy (Yoon) (Falk 5) (Denies Morrej (Fel 5) (Marka) (Fel 5)		1 0.5776 14859 0.3756 15.170 18.5055 2.7000 1.0846 2.7000 1.0846 2.7000 1.8294 4.8000 8.4180 177.00 2017.07 1.851.35 4.4149 2.27137 1.7600 6.4554 3.740 3.4289 8.740 3.4289	L3069 Monsco 47E.579 Monsco 11.2067 Monser 6.5000 Monsco Mozambio			7.9748 342.665 0.3432 93.0280 12.7177 5.1440 3.4287 3.0984 3.4287 3.4287 3.4284 3.4284 5.8296 5.8296	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Trinkda0/Tobago 479.579 Turtela 4.7955 Turtela 4.7955 Turtela 130.106 Turtela 4.7956 Turtela 4.7956 Unale 4.7958 Unale 4	(CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (US P	546.1 25.2200 1370 55.740 9370 55.740 9072 1.3132 7380 5.7173 4690 0.0611 9072 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9075 1.3132 9077 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9077 1.3132 9077 1.3132 9077 1.3132 9075 1.3132 9075 1.3132 9076 1.3132 9077 1.3132 9078 1.3132 9079 1.3132 9079 1.3132 9079 1.3132 9081 1.2725 90850 1.2745 90850 1.31344 90850 1.31344 90850 1.31344 <td< td=""><td>17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566</td><td></td><td></td></td<>	17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566		
Y	Deal LATINVEST SECU	Odebr ler RITIES LIMIT	echt Grou	_	Ecolor Egypt B Selvador Squal 1 Cuine Entrolia Entrolia Faldend Is Fill is Fill is	(Sucrey Burrey (Egystein 3) (Solon) (CFA Fy (Yoon) (Falk 5) (Denies Morrej (Fel 5) (Marka) (Fel 5)	1 0.7 0.7151 0.1 2.1549 1.4 0.9965 4.3 7.7297 5.4 7.7297 5.4 7.7297 5.4 140.777 52 15.0546 8.1 2.2558 1.4 2.2558 1.4 1.5 2.4 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	1 0.5779 14859 0.17156 15.3170 18.5055 55.000 104.405 55.000 104.405 55.000 104.405 1.000 1.18894 1.000 1.18894 1.000 1.18894 1.000 1.18894 1.000 1.18894 1.000 1.42895 1.010 1.42895 1.010 1.42895 1.010 1.42895 1.010 1.42895 1.010 1.42895 1.0103 0.28495 3.42895 3.42895 3.42895 1.0284 3.42855 1.0284 3.42855 1.028555 1.028555 1.028555 1.028555 1.028555	4.2009 Moneco 472.479 Alongola 5.3000 Moneco			7.9748 342.665 0.3432 93.0280 12.7177 5.1440 3.4287 3.0984 3.4287 3.4287 3.4284 3.4284 5.8296 5.8296	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Trinkda0/Tobago 479.579 Turtela 4.7955 Turtela 4.7955 Turtela 130.106 Turtela 4.7956 Turtela 4.7956 Unale 4.7958 Unale 4	(CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (CFA P) (US P	546.1 25.2200 1370 55.740 9370 55.740 9072 1.3132 7380 5.7173 4690 0.0611 9072 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9075 1.3132 9077 1.3132 9073 1.3132 9074 1.3132 9075 1.3132 9077 1.3132 9077 1.3132 9077 1.3132 9075 1.3132 9075 1.3132 9076 1.3132 9077 1.3132 9078 1.3132 9079 1.3132 9079 1.3132 9079 1.3132 9081 1.2725 90850 1.2745 90850 1.31344 90850 1.31344 90850 1.31344 <td< td=""><td>17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566</td><td></td><td></td></td<>	17,0578 23,9154 342,660 479,579 0,0588 1,2453 3,8739 5,4215 0,8515 0,9483 0,6986 1,2453 0,6986 1,2453 651,618 963,061 125560,7 1,7850,7,8 1,4500 6,8665 1,4500 0,4575 0,9483 146,526 146,566 146,566 146,566 146,566 146,566 146,566 146,566		
	Deal LATINVEST SECU Initial tranche	Odebr Ier IRTTIES LIMIT e placed by	recht Grou	P	Ectastor Ectastor Squatt Carlot Entropia Entropia Entropia Fahlanci Is Fahlanci Is Fahlanci Is Francia Fr. Pacific Is Gambia Gaman Gaman Gaman Gaman Gaman	Europa Round Color	1 00 0.7151 00 2.1645 1, 0.99655 4, 7.7237 5, 7.7237 5, 140,771 50 15,0545 6, 2.2554 1, 2.2554 1, 2.2554 1, 0, 1 0, 1 0, 1 0, 1 0, 1 0, 1 0, 1 0	1 0.8779 1 0.8779 18459 0.17156 13170 18.5055 88.000 104.405 88.000 104.405 13000 1.3894 14500 8.4180 14500 1.4894 14500 1.4894 14700 1.4894 14700 1.4894 14700 1.4895 1.8299 1.8500 1.48070 1.8299 1.8550 1.48070 1.8550 1.4	Li2003 Morreco 472.472 Alongola 6.5000 Morreco	IS A Rend (Australian S) Discusses Rapse) cts (Cludian) Bise (Audian) Bise (Audian) Bise (Cludian) Bise (Cludian) Pittano P (Catche) Pittano P	5.9551 3.8550 2.0072 1.3132 87.5008 57.5500 2.5251 1.5521 2.7359 1.7000 2.2579 1.4657 12.4027 0.1148 772.970 55.740 33.62485 22.0000 22.455m 84.7000 82.455m 84.7000 82.455m 84.2000	7.5748 342.665 0.2452 3.4287 90.0290 12.7177 5.1440 3.4297 3.66.164 3.6298 3.61.64 4.8298 1.1294 5.6298 1.1294 3.6396 3.5,7899 1.1104 3.6496 3.5,7899 1.1104 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.6496 3.5,7899 1.1105 3.5,8997 1.2596 3.6295 3.6295 3.6295 3.6295 3.6295 3.6455 3.64553.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.6455 3.64555 3.64555 3.64555555555555555555555555555555555555	14.5144 Togo Reg 2.4136 Tanga is 11.1612 Thinksdo/Tobago 479.579 Turtela 0.3604 Turtey 4.7955 Turtela 130.106 Turtey 4.7955 Turtes & Calcos 130.106 Turtey 4.7956 Unalk 4.7956 Unalk 4.7957 Ungoldenia 4.7956 Unalk 4.7956 Unalk 4.7956 Unalk 4.7957 Ungoldenia 4.7955 Unalk 4.7955 Un	Control Sec. (CFA PT) 772 (Paranger 21 (Paranger 21 (Domart 1. Ling 1021 (USS P) 1.1 Austration S 2.2 (USS P) 1.2 (USS P) 1.4 (U	546.1 25.2200 1.3132 1.3132 1.7788 5.7173 4459 0.0671 1.3132 1.3132 1.7788 5.7173 4459 0.0671 1.3132 1.3132 1.3132 1.3132 1.313 1.3132 1.312 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.313 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132 1.3132<	17,0879 23,9194 342,660 479,579 0,08980 1,2453 3,8779 5,4215 0,8515 0,9145 1,85231,0 63387,2 0,6976 0,9483 0,9996 1,2453 651,618 963,061 122560,7 1,2557,3 0,4453 1,850 0,4453 1,850 0,4453 1,850 1,8606 2,2465 1,8606 4,8206 1,8405 1,04425 0,6776 0,9485 1,8606 4,8206 1,8405 1,855 1,8405 2,2465 1,8405 4,8206 1,8405 4,8405 4,8406 1,8405 4,8406 1,	4	
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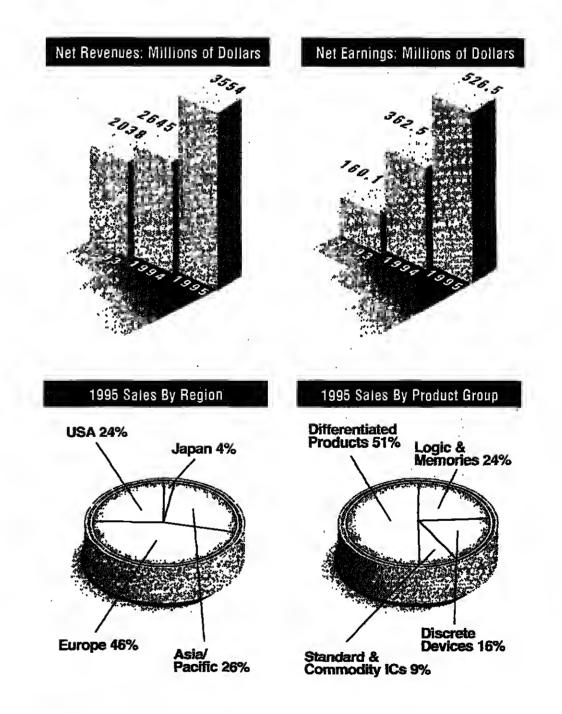
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To all those customers who helped SGS-THOMSON Microelectronics make 1995 another year of steady growth, we'd like to say



CAY SHOW

SGS-THOMSON has recorded yet another year of steady and impressive growth, once again outpacing the rate of growth in our served markets. Net revenues are up 34% to \$3.554 billion, while earnings have risen from \$362.5 million to \$526.5 million. Our continued growth is no accident. We're successful, in large, because of strong working partnerships with the customers we serve. Fully 51% of SGS-THOMSON's business is devoted to providing those customers with differentiated products -Microcontrollers, Semicustom ICs and ASSPs/Dedicated ICs. Since these complex devices contain a high level of customer



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system architecture, they can only be designed and built with the close cooperation of both partners.

SGS-THOMSON, from its side, intelligently drives advances in technology and production capacity build-up, based on clearly defined customer needs. New products are planned and capital is invested to satisfy customer-driven demands. This firm commitment to common objectives results in a win-win situation for both parties.

As we enter 1996, our financial course remains steady. We have a well-positioned portfolio, a diversified sales base — both by end markets and geographically --- and significant financial flexibility based on a very strong balance sheet. However, our most important bottom line will always remain the satisfaction of our customers.

Our continued success has renewed and strengthened our dedication to all whom we have had the privilege to serve. Once again, thank you.





SGS-THOMSON Microelectronics GROUP OF COMPANIES: Australia - Brazil - Canada - China - France -Germany - Hong Kong - Italy - Japan - Korea - Malaysia - Malta - Morocco - The Netherlands - Singapore - Spain - Sweden - Switzerland - Taiwan - Thailand - United Kingdom - USA

10-year benchmark bond yields

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MARKETS: This Week

EMERGING MARKETS By Ray Colitt in Caracas Fragile recovery in Caracas

year records in local currency terms a couple of weeks ago, investors reminisced about the boom of the early 1990s, which for the first time put the country on the world capital markets map.

26

The market began to recover last September after a threeyear period in which investors had little reason to rejoice. Two coup attempts, a presiden-tial impeachment, and a disastrous banking crisis caused equity pricea to plummet. Gloomy economic prospects during most of 1995 kept prices depressed through the first three quarters. Inflation hit 56 per cent. growth was sluggish. and government price and foreign exchange controls squeezed company profits.

Despite a reasonable recovery in recent months, the atmosphere at the Caracas stock exchange is not exactly euphoric. At best, a dozen investors gather in the foyer around late morning. As the exchange is fully electronic and brokers bid via an optical fibre network in the privacy of their offices, the floor is habit-ually deserted. Yet much of the glistening, hi-tech bardware, acquisitions made during boom years, stands idle.

Market capitalisation of \$4.3bn, or 7.2 per cent of GDP, is still a far cry from 1991 capitalisation levels of \$13bn, or 24.4 per cent. The recovery of recent months, it appears, is rather fragile. "The equity market bas been growing, not because it appears interesting to investors but because all other options appear worse,"

said one broker. Returns in the equity market in real terms were a negative 7 Col Col per cent last year. Yet that is still above most other financial instruments. Fixed interest paper, currently reaping double-digit negative returns in real terms, are hardly an option. Central bank monetary stabilisation bonds have recovered from 29 to 34 per cent in recent days, with a 60 to 80 per cent inflation rate expected for this year. With properties overpriced and investors weary of long-term fixed investments. real estate is not an option either.

Finally, the local Brady bond

When the Venezuelan equity market, which was legalised in market rallied to break two-July of 1995, virtually collapsed after the government in late January introduced harsh control mechanisms, including a six-day resale ban on Brady bonds. Volume plummeted from \$80m daily to an average \$3m to \$5m a day.

Buying Brady bonds for bolivars on the Caracas exchange and selling them at a discount for dollars in New York had for many businesses been the only possibility to overcome a short age of foreign currency. Since June 1994, the government has heen making only a limited amount of dollars available and has fixed the exchange rate.

Given the restrictive conditions, it is perhaps not surprising that among the companies traded most are large exporters with access to stronger markets and hard currency as well as blue-chip companies with a long history on the equity market, such as Electricidad de Caracas. Of the 91 companies listed on

the stock exchange, the 10 largest account for 86 per cent of total volume. Some of the top companies last year even produced returns in dollar terms of between 17 and 25 per cent. For Mr Alfredo Salcedo, president of the Caracas stock exchange, this is only one of the indications that the market has potential. "If these companies can perform as well as

they have under the given eco-

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Venezuela

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nomic conditions, then they could really take off under normal circumstances," he said.

As further proof that the market has potential to grow, given tha right macro-economic conditions, Mr Salcedo points to a number of interna-tional brokerages, including Banker's Trust and ABN Amro, that are setting up shop in Caracas.

With the price of a trading licence having come down from \$1.3m to \$130,000 in the last year, the number of bro-kerages may increase further from the current 64. The fate of 14 brokerages, which collapsed during the 1994 banking crisis and are still in state hands, has not yet been decided. Two government undertak-

ings have the potential to strengthen Venezuela's securi-ties market in the long-term. the list.

ING BARING SECURITIES EMERGING MARKETS INDICES

Index,	1/3/96	Week on week Actual	k movement Percent	Month on month Actual	Percent	Year to dat Actual	e movement Percent
World (395)	153.97	-3.65	-2.32	-5.32	-3.34	+6.41	+4.35
Latin America							
Argentina (22)	88.46	-6.15	-6.50	-14.80	-14.33	-4.32	-4.65
Brazil (23)	209.15	-11.03	-5.01	-7.91	-3.84	+23.06	+12.39
Child (16)	182.30	-1.61	-0.55	-2.37	-1.28	-13.36	-6.83
Colombia (14)	169.66	+3.57	+2.15	+8.86	+5.51	+6.41	+3.29
Mexica (23)	74.83	-4.17	-5.28	-7.30	-8.89	+1.24	+1.68
Peru(14)	1.079.17	-49.43	-4.38	-29.89	-2.70	+10.22	+0.96
Latin America (112)		-6.00	-4,50	-8.16	-6.03	+4.08	+3.31
Europe							
Greece (18)	112.28	+4.65	+4.32	+6.50	+6.14	+14.31	+14.60
Portugal (20)	126.30	-2.83	-2.19	+1.40	+1.12	+9.84	+8,45
Turkey (26)	114.28	+8.84	+9.42	+11,12	+10.78	+31.48	+36.00
South Africa (32)	156.11	-2.39	-1.83	-14.47	-8.48	+2.73	+1,78
Europe (96)	128.28	-0.95	-0.73	-7.12	-5.26	+8.74	+5.55
Asia							
China (24)	48.02	-1.42	-2.87	+1.93	+4.19	+7.89	+19.08
Indonesia (32)	152.02	-3.67	-2.35	-3.55	-2.28	+13.37	+9.65
Korea (23)	131.19	-3,19	-2.38	-3,78	-2.79	-5,71	-4.17
Malaysia (24)	244.10	+0.42	+0.17	+8.04	+3.41	+18.74	+7.38
Paldistan (14)	88.60	-10.57	-10.66	+8.62	+10.78	+15.01	+20.40
Phillippines (14)	259.66	-0.48	-0.18	+5.00	+1.70	+38.50	+15.24
Thelland (25)	258.60	-4.80	-1.82	-14.85	-5.43	+6.92	+2.75
Talwan (31)	125,12	+0.07	+0.06	+3.73	+3.07	-5.70	-4.36
Asla (187)	212.65	-2.32	-1.08	+0.40	+0.19	+9.61	+4.73

petroleum industry to The legal framework, which is to be approved by congress shortly, will allow the creation

the petroleum industry. "Once the project takes off." says one official at state oil company PDVSA, "we bope to raise as much as \$5bn over the

"We want these shares to reach Venezuelans like the figure. national lottery does," says Mr Juan Musso, one of the architects of the project at PDVSA. The plans have been received with great interest by the financial community.

"The petroleum investment US. funds open up enormous possibilitiea and could seriously jump-start this market," says Mr Salcedo: The second government project that could boost the market is the ambitious privatisation programme, which intends to raise \$3.500 in revenues over the next 18

months. Sales of shares in electricity, steel, and telecommunications enterprises are at the top of

January 1996.

1

other assets, future flow deals involve the payment over a fixed period of income flows into an offshore trust. The future receivables are

flows deals.

generally aold to the trust. which issues the bonds or notes and repays principal and interest, with any surplus being returned to the issuer. The structure allows investors to circumvent some of the sovereign risks (convertibility

or transfer) typically attached to emerging

The completion late last month of a \$280m securitisation deal ments. And because the issues are less risky, credit rating agencies usually award invest for Telmer, the Mexican telement grade ratings, making it possible for a wider range of communications company, has highlighted a growing treod among Latin American borrowinvestors to huy the paper.

INTERNATIONAL BONDS By Richard Lapper

Future-flow deals

find a niche in

Latin America

ers. Telmex is the latest in a string of corporates from the The Telmex issue received an A rating from Duff & Phelps region to successfully reduce Credit Rating Co (DCR), the US agency which rates many of the deals, and a Baal rating their berrowing costs hy secur-itising future flows of income. from Moody's - higher levels Last year, the number of than the Mexican governthese deals proliferated, with borrowers raising some \$2.8bn, ment's own local currency oblia four-fold increase on the 1994 gations

Although these issues have typically been placed privately Telmez, which launched the market's first such deal in among US institutions, espe-1987, is securitising telephone cially insurance companies. other investors, including receivables; payments owed to It from long-distance telephone calls between Mexico and the European funds and banks, are now beginning to show more interest.

Companies have also pledged Bankers Trust, which handled the Telmex deal, says future flows such as export earnings (usually from oil or investors from three continents bought the paper. "This is probably the first time that a commodities), credit card receivables, remittances from transaction of this type has migrant workers and even airline tickets. Overall, a total of achieved such a broad global distribution," said Mr Fernsome \$8.6bo has been raised ando Guerrero, managing director and head of global through international future

DCR says the rise in issuance has been driven primarily "in response to the capital needs of operationally strong companies located in emerging markets". These typically rely on bank or eurobond debt, whose pricing and availability has been constrained by sovereign considerations. Telmex was able to reduce

substantially its borrowing costs on a 13-month facility, with the rate of 62.5 basis points over Libor comparing with 325 hasis points over Libor on an original loan facility agreed last year.

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Source: FT Ext

DITEREST RATES AT & GLANCE

cent over US Treasuries) and

obtained financing over a rela-

	USA	Japan	Germany.	Franca	hely In
Discount .	5.00	0.50	3.00	5.60	9.00 - 825
Overnight	5.18	0.41	3.31	4.06	9.81 62
Three month	4.98	0.49	3.25	4.20	9.62 5.76
One year	5.07	0.75	3.35	4.35	9.25
Five year .	5.62	1,98	5.07	5.68	9.91
Ten year	8.01	. 3.06	5,28	8.56	10.49
(1) Prace-Repo rat	A OS UK-B	the rate Sou	ce Peders.	· · · · · ·	

the market either difficult or launched last year's biggest prohibitively expensive, are also believed to have deals in issue - a \$525m export receivables securitisation - reduced the pipeline. both its costs (rates on sepa-rate tranches ranged from 1.375 per cent over Libor to 2.65 per

One of the reasons for the popularity of these deals is that investors have become more discriminating about emerging market investments in the wake of the peso crisis in Mexico at the end of 1994. The Mexico crisis led to a re-evaluation of unsecured

debt in the emerging markets," said Mr Guerrero. The popular-ity of the deals seems likely to grow and the range of borrowers is also expected to widen.

DCR expects an increase in deals from other emerging markets, especially from nearinvestment grade countries in central Europe, the Middle

JP Morgan Crdt Asian

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d) Albrit		Apr 2001 Feb 3001	5.75 (b1)	99.499R	5,78R	+2454 %-01)	Letroso Alexandiakai Rest Uninvidenti	ITALIAN LIRE		- C			2	
	974 100 500 300 200	(1) Mar 1998 Mar 2001 Sep 1997 Mar 2001	10.75 5.59 (m)	100.00 99.957 100.007 100.007 100.007 99.7297		+580(51-98) +44(5 ¹ +76-61) (44	Goldrade Sectos Barque Parlbes Goldenzo Sechs/Merrill UES JP Margen	Constraints EBA Argentica(A Argentica(A	150	Nar 2001 Jan 2001 Mar 2001	9.60 13.25	100.32 102.368 99.075	13.33	
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3	Amount ID,	Maturby	Coupon	Ma	Yield	Lasench apread bp	Book mener	
	2bm	Jac 2001	5.75	102.40	5.203		84.	

tively long period; 12 years compared with the three years more typical for Mexican bor-Unlike the more common structured finance, asset-backed transactions, rowers. "Investors have decided that which involve repackaging portfolios of mortgages, car loans, credit card balances or risk mitigants in these structures merit buying at a tighter spread," said Mr Guerrero.

Some borrowers active in the market might have been unable to raise money through any other route. For example, Peru's Banco de Credito, which raised \$48m last year in a credit card receivables have found funds thro tional bond

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ST Securities; Aniant CapitalS() D-MARKS Pintip Monts Dapital LB Sactsant SBC (Jarsey)(d

This announcement appears as a matter of record only

One is the petroleum invest-ment funds, which amount to an opening of the previously clos private investors. The petro-leum industry is considered the backbone of the economy and one of the few sectors with excellent growth prospects.

of investment funds using a variety of financial instruments to finance projects in

next 10 years".

LATIN AMERICA **ENTERPRISE FUND L.P.**

A partnership for private equity investment in Latin America

US\$253,700,000

Investment Manager

BARING LATIN AMERICA CAPITAL CORPORATION, INC.

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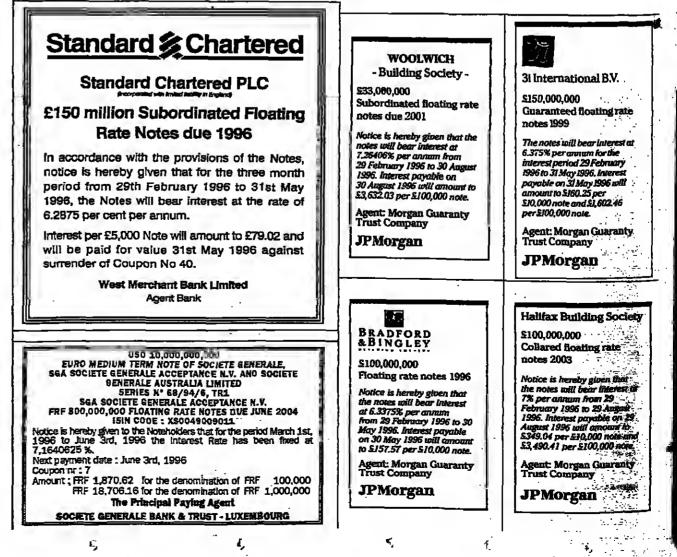
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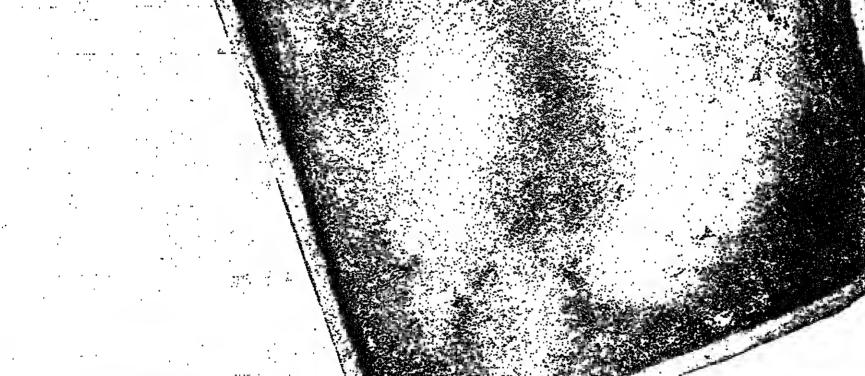
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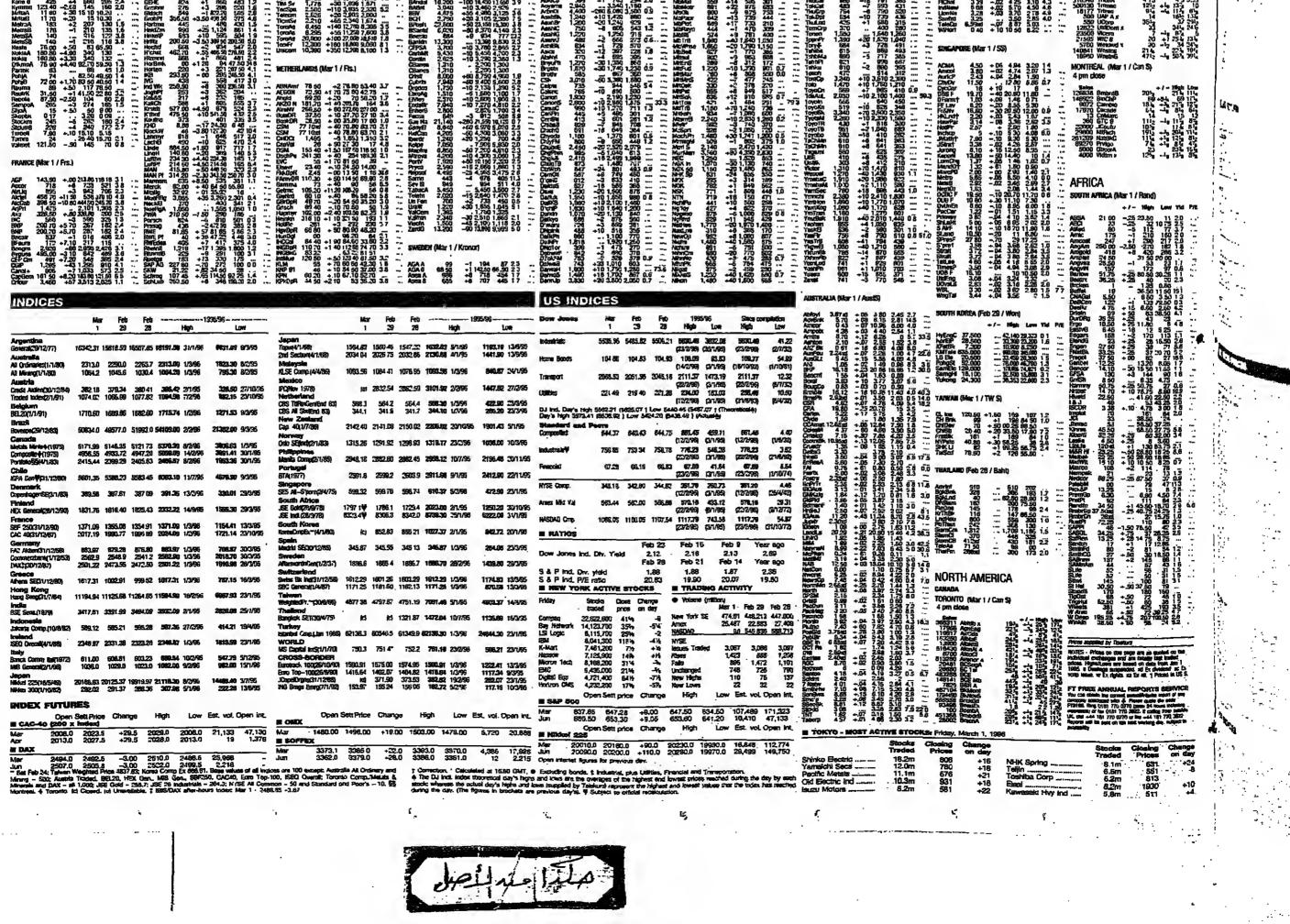


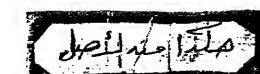


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Vale (MS) 3,8903 -0,0117 885 920 3,9028 3,8802 224 5.7 158,75 5.6 152,855 5,1 137.1 Zastand (MS) 3,8903 -0,0117 885 920 3,9028 3,8832	Japan (Y) 105.455 +0.285	420 - 490 105,830 105,150 105,02 4.9 104,22 4.7 101,15 4.1 138,5 448 - 458 2,5485 2,5488 2,5482 -0,4 2,5523 -1,1 2,5758 -1,2	Westminister. Mid rates up about for the domestic Money Reflec, USS CDs, ECU & SDR Linked Deposits EURO CURRENCY INTEREST RATES
Apples (Peac) 40.0135 -0.0272 266 004 40.1004 39.8296	New Zealand (NZS) 1.4837 -0.0015 Philippines (Peso) 26.1800 +0.025	832 - 843 1.4850 1.4832 1.4868 -2.5 1.4928 -2.4 1.5172 -2.5 - 300 - 300 26.2300 26.1300	Mar 1 Short 7 days One Three Six C
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			Swiss France 1.2 - 1.2 15 - 12 12 - 1.2 14 - 1.2 13 - 15 13
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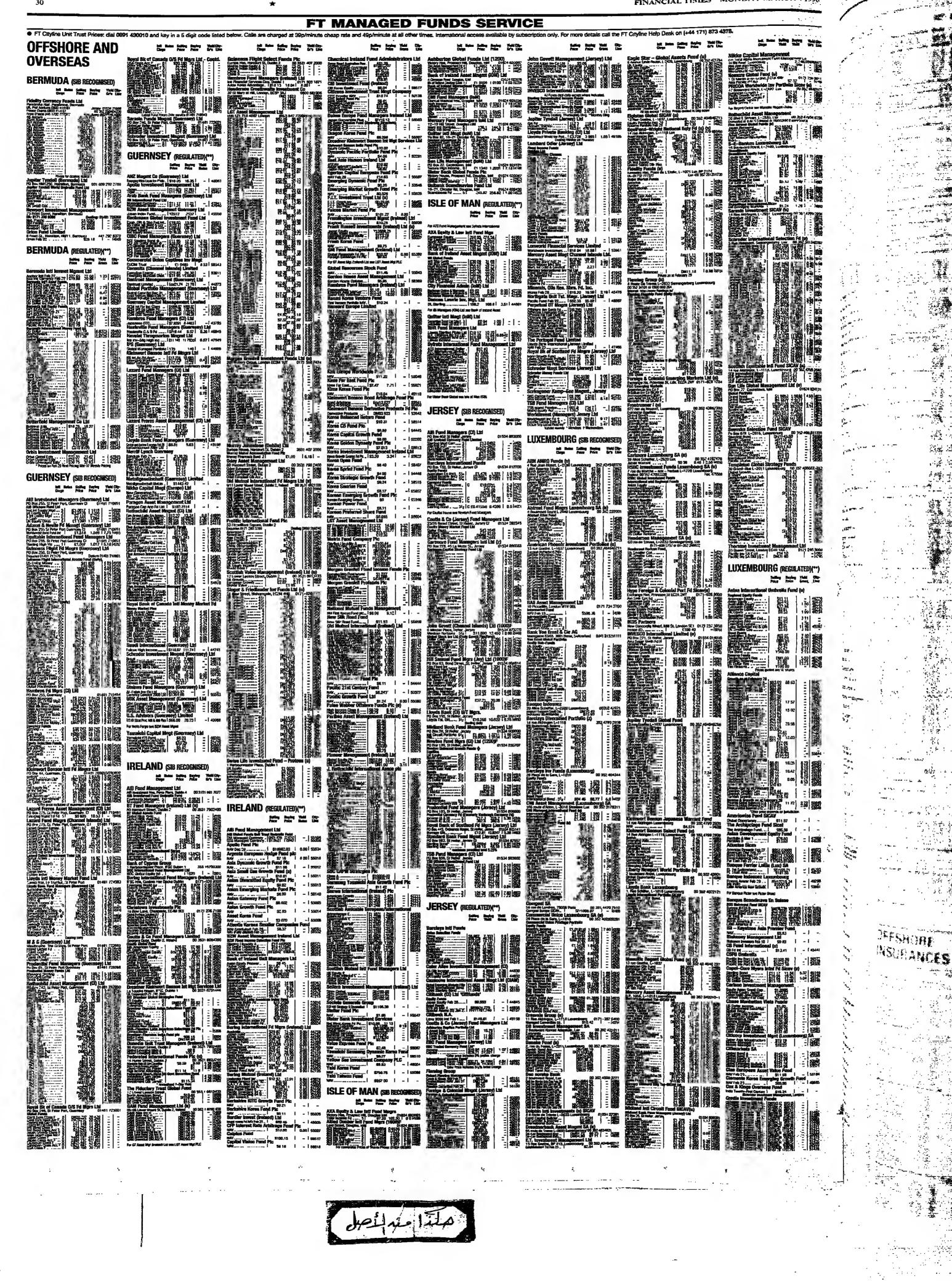
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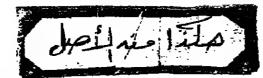
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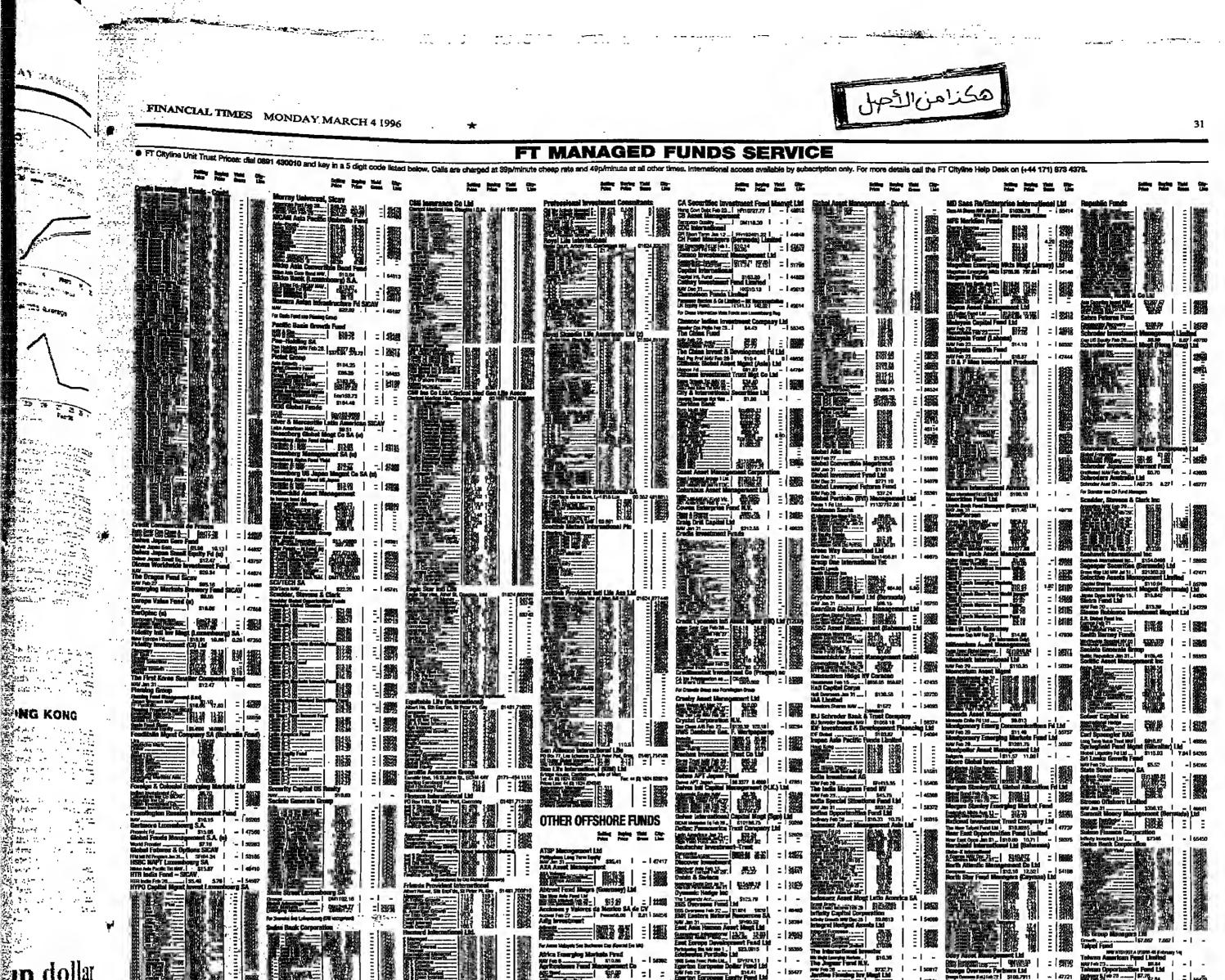
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MONDAY

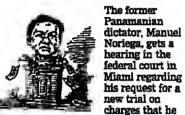
Mayhew meets Spring

The British and Irish governments launch the next phase of the Northern Ireland peace process with intensive consultations on the format and agenda for all-party negotiations, now set for June 10. The Northern Ireland secretary, Sir Patrick Mayhew, and the Irish deputy prime minister, Dick Spring, finalise details for the talks at a meeting in Belfast. The other constitutional parties are invited to put their ideas for elections and other matters before March 13. The two governments have said Sinn Fein can join the process once the IRA reinstates its ceasefire.

UK nuclear sell-off plan

British Energy, the company created for the sell-off of the UK nuclear power industry, unvells financial details as the first step towards its privatisation. The details will include the performance of its nuclear reactors, cost-cutting achieved and an indication of the company's prospects. The privatisation, which is scheduled for mid-summer and is one of the government's most controversial, will consist of seven advanced gas-cooled reactors and one pressurised water reactor. The older magnox reactors will remain in state ownership. The sale, which is expected to realise about £2.5bn, will be resisted by the Labour party on the grounds that It jeopardises safety.

Noriega appeal hearing



accepted protection money from Colombia's Medellin cocaine cartel to allow the transhipment of the drug to the US via Panama. Mr Noriega was convicted in April 1992 and sentenced to 40 years in prison. His lawyers claim thet, in order to obtain testimony against Mr Noriega, the US government paid \$1.25m (£810,000) to the Cali cartel and arranged a sentence reduction for one of its affiliates.

S Africa murder trial starts

The trial begins in South Africa of Magnus Malan, a former defence minister, and 19 others charged with conspiracy to murder supporters of the ANC and its allies between 1985 and 1989. This will revive controversy surrounding Chief Mangosuthu Buthelezi, the home affairs minister and Inkatha Freedom Party leader, who is not on trial. He is alleged to have conspired with military intelligence in covert operations against anti-apartheid activists. Inkatha's deputy secretarygeneral, Zakhele Khumalo, a close confidant of Chief Buthelezi, is among the 20 people facing 13 counts of murder.



A government official said Mr Major would be confirming "Britain's commitment to a successful transition to Chinese sovereignty". On Tuesday, Mr Major visits South Korea, where be will focus on strengthening its economic links with the UK.

Cricket

World Cup: West Indies v Australia, Jaipur, India, Group matches continue to March 6; quarter-finals start March 9.

Public holidays Guam, Malawai, Nepal, Sri Lanka.



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Republican primaries

Voters in the Republican presidential primaries go to the polls in Colorado. Connecticut, Georgia, Maine, Maryland, Massachusetts, Rhode Island and Vermont on what is dubbed junior Tuesday. The contest in the delegate-rich New York state follows on Thursday. Bob Dole, the senate majority leader, fresh from a convincing victory in South Carolina, will be looking for more decisive wins. The viability will be tested of Steve Forbes, tha millionaire publisher, after his surprise triumph in Arizona. Lamar Alexander, the former Tennessee governor, will need to do well in Georgia to continue and Pat Buchanan, the conservative commentator, will be selling his message of economic isolationism and social conservatism.

Chinese congress convenes

Plan (1996-2000). The congress, which meets annually, will also approve a new hudget and review legislation. The premier, Li Peng, is expected to emphasise the need for continued economic consolidation after the recent break-neck growth. Further reductions in inflation will be one of the main objectives.

Birmingham alrport decision



almost double in size over 10 years by expanding its passenger terminal and increasing aircraft stands. This would make the airport the UK's fourth largest - after Heathrow, Gatwick and Manchester - with about 9.4m passengers. However, councillors are concerned about the environmental impact on about 300 homes just 400 yards from the runway.

FT Surveys World Motor Industry; Credit Management

Public holidays Israel, Nepal, Tahiti, Vanuatu.



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such as feta cheese and parma ham. The commissioners will be asked to approve a list of 318 products, including Kentish Ale, Rutland Beer, lavender oil from Provence, West Country farmhouse cheddar and 20 regional varieties of olive oil. If the list is approved, producers will be barred from using the names generically. Denmark, in particular, is upset at the inclusion of feta cheese, which is listed as a Greek cheese made from goats' milk. This would prevent Denmark from marketing its ome-produced variety which. furthermore, is made from cows' milk. German jobless gloom

German unemployment figures for February are expected to show another sharp increase, reflecting had weather and a weak economy. The opposition Social Democratic Party has forecast that the seasonally unadjusted jobless figure could reach a record of nearly 4.4m, up from 4.16m in January. The seasonally adjusted jobless rate is expected to jump above the 10 per cent in January, Further gloomy news is due on Thursday, when GDP figures are released for the final quarter of 1995: the government has already warned of a slight fall compared with the third quarter, and only marginal growth

Sudan offers elections

Sudan's military regime, accused by western governments of human rights violations and suspected of links with extremist Islamic terrorist groups, makes a bid for respectability when it holds presidential and parliamentary elections (to Mar 17) for the first time since the former civilian prime minister, Sadeq al-Mahdi, was overthrown in June 1989. Not much is expected to change, however: the combination of a boycott by the former civilian political parties, and the problems

FINANCIAL TIMES MONDAY MARCH 4 1996

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of voting in the war-affected south, will almost certainly leave President Omar Hassan al-Bashir in charge.

FT Survey

Review of Information Technology.

Public holidays Ghana (Independence Day).

THURSDAY

Palestinian council sits

The 88-member Palestinian legislative council, which will run Palestinian autonomous areas in the West Bank and Gaza, holds its inangural session in Gaza City. Many Palestinians see the council as an important milestone on the road to statehood. Headed by Yassir Arafat, it will play s vital role in final-status talks with israel. Most members belong to Arafat's Fatah movement and support the peace process. However, Mr Arafat faces a sizable opposition. And Hamas, the Islamic Resistance Movement, which opposes the peace process and boycotted the elections, is glaringly absent.

Rape verdict in Japan

The Naha district court in Japan rules on the three US servicemen accused of raping a schoolgirl in Okinawa prefecture last September. The incident has provoked a rious debate in Japan over US military bases in Okinawa, the biggest US military presence in Asia.

Geneva car show

The Geneve motor show opens. Highlights include Renault's Fiftie, a small mid-engined two-seater concept car commemorating the 50th anniversary of the 4CV, Renault's post-war people's car, a V8-engined Lotus; a convertible Peugeot 406 styling exercise which is a possible for production; and Maxx, General Motors' prototype of a possible city car.

FT Surveys Peru: Franchising.

compared with the fourth quarter of 1994.

so-called city of eternal spring helps rejuvenate the Andean Pact which, after a quarter of a century of existence, is flagging badly and is overshadowed by the newer Mercosur and Nafta free-trade agreements.

banned under the 1981 Islamic constitution, which gives the Shia clergy a monopoly over political life. The leftist clergy are largely discredited, however. The make-up of the new 270 seat Majlis will be seen as a verdict on President Hashemi Rafsanjani's attempts to liberalise the economy.

Mastering Management



Athletics European indoor championships, Stockholm (to Mar 10).

FT Survey

European Business Property.

Public holidays Azerbaijan, Belarus, Belize, Georgia, Liberia, Russia, Syria, Torkmenistan, Uganda, Ukraina.

SATURDAY

Sampaio installed in Portugal Jorge Sampaio, a former mayor of Lisbon, is sworn in as Portugal's new president, succeeding fellow-socialist Mário Soares, who is retiring at 71. Mr Sampaio's election is the first time since the return of democracy in 1974 that the Portuguese have chosen a president from the same party as the government. Although limited, the president's powers include deciding when to call elections. Mr Sampaio could provide vital support for António Guterres, the prime minis whose socialists are four seats short of an overall parliamentary majority.

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EU ministers in Palermo

EU foreign ministers gather in Palermo, Italy, to discuss organisational aspects of the EU inter-governmental conference at the end of March in Turin. One of the more sensitive issues is whether to involve the European parliament. Most member states would be happy to invite MEPs as observers. However, the UK, France and Portugal would prefer simply to keep parliamentarians informed and to hear their views. Other issues on the agenda include EU policy on former Yugoslavia, particularly in relation to reconstruction. and the return of refugees,

Public holidays Belize.

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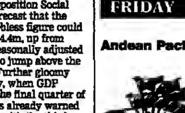
Notor racing Start of the Formula One grand prix Compiled by Simon Strong.

FRIDAY

iran elects parliament Up to 40m iranians are entitled to vote for 3,232 candidates from more than a dozen lists of political groups in a parliamentary election in Iran. Parties as such are

Andean Pact summit Six Latin

American presidents start a two-day meeting in Trujillo, on the Peruvian coast 300 miles north of Lima. They will be hoping the



John Major in far east

Other economic news

Wednesday:

slowing.

John Major, the British prime minister, completes a three-day stay in Hong Kong.

Although

China's 3,000 delegates to its National People's Congress convene in Beijing's Great Hall of the People. Top of the agenda is the country's ninth Five Year

Feta cheese fight The EU Commission considers banning the generic use of some product names -

Previou

Statistics to be released this week

ECONOMIC DIARY

NORS

economic data is rather sparse this week, economists will be watching any indicators particularly closaly, amid renewed fears that European growth is Unemployment figures in Belgium early this week are likely to point to further job cuts in February. Further job loss figures for February are also expected in

Germany. However, a survey from the Confederation of British Industry will be watched for signs that consumer spending is rising in the UK.

And fourth quarter GDP data in Spain will be examined for growth trends in that area Spain's economy is thought to have expanded by 0.5 per cent between the third and fourth quarters - a bealthier picture than other European countries.

Thursday: Fourth quarter GDP data in Germany is andely expected to show that the economy contracted. In London, meanwhile, the Bank of England governor meets the Chancellor for their regular monetary discussion amid renewed expectations of a cut in UK interest

rates.

ACROSS	DOWN
1 Instigate frolic in gym (6)	 Fair father's fur (8)
4 Injury caused by spring in lock (8)	2 No hunter discovere (2.3.2)
9 Planet or star unmoving? (6)	3 Very cold farry build
10 Put up with champion (5.3)	bottom of the garde
11 A tantaliser resting (2.4)	5 lake a comeback a
12 Do race tips change for the	twist again? (6)
better? (6)	6 Scene compased by
13 Scan scam (3)	dramatist (5)
14 A river between lakes and	7 Weil acquainted wi
bay (6)	at exchange (2,4)
17 Erased document about lease (7)	8 Setter being cryptic (6)
21 Get an old coat, thanks to	12 Animal found in
poet (6)	Antarctic? (7)
25 Dancing bug (3)	13 General wheels with
26 A strict disciplinarian or an	(3)
artist bolds it right back (8)	16 Prescribed plant (3)
27 Deal with name (6)	13 Mother, growing of
28 Trojan beroine finding salad	fui (S)
plant on mountain (8)	19 Plant person preced
29 filusory signt of silver in mud	outh player (S)
(6)	20 No employment for
30 Slim work translated by tex-	endless stuft (6)
An Drive motes of secondaries party serve	

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Toat's a puzzle (6) 25 Proposal for nurse (6)

tile manufacturer (3) 31 White berons, for example, 23 Trial for freeloader (f) daving a rest break (6) 24

Released	Country	Statistic	Forecast	Actual	Released	Country
Mon	UK	Feb MO*	0.8%	-0.2%	Fri	US
Mar 4	UK	Feb MO**	5.5%	5.5%	Mar S	US
	UK	Official reserves	\$37.5m	S-13		US
	US	Jan personal incomo	-	5.4%		US
	US	Jan pers consumer expend	c.1%	27%		US
	Japan	Bou corp service prices"	-	-5.314		US .
	Argitma	Jan trado balance	SSCm	\$1*7-		Canada
Tues	US	Jan leading indicators	-0.6%	5.2%		Caneda
Ma: 5	US	Jan factory orders	-6.3%	1.3%		Canada
	us	Jan factory unventiones	•	5.1%		Ganada
	Span	Feb official reserves	-	\$1.25		Nands
Wed	US	Q4 productivity preten	•	1.475		Niands
Mar 6	Germany	Feb unemployment, West;	20.00C	17.200		Nierds
	Germany	Nov cossisyment, Westt	-12,000	-2.755		Mexico
	Germany	Feb unemplo ment, Et	25.600	42.000		Sweden
	Germany	Feb vacancies,West;	-	12.575		Swiand
	Spern	04 602-	2.8%	2 9%	During ti	week
	italy	Feb CPI"	5%	1.5%		Germany
	Sweden	Jar. PPM	3.1%	5.4%		Germany
Thur	UK	Jan cyclical indicators	•	NA		Garmeny
Mar 7	US	Lan consumer credit	\$7tm	\$7.52**		Germany
	Gurmany	C4 GDP West"	2.9%	•.5×		Gannany
	Germany	G4 GDP can-Germany"	0.9%	.9 +		Germany
	Denmark	Jan unemployment	9%	517	י הכ הזיונויז'	ישפעיי ,ונהסח

Duy Released	Country	Economio Statistic	Notian Forecast	Adam
Fri	US	Jan construction apend	-0.5%	0.9%
Mar S	US	Feb unemployment	5.7%	5.8%
	US	Feb average workweek	-	33.7
	US	Feb hourly sumings	0.2%	0.5%
	U3	Feb m'fecturing payrolle	15,000	-72,000
	US .	Feb nonfarm payrolis	297,000	-201,000
	Canada	Feb employment**	0.2%	0.3%
	Caneda	Feb unemployment	9.8%	9,8%
	Canada	Feb housing starts	102,000	96,000
	Ganada	Dec Labour Income"	0.1%	0%
	Nands	Jan retail sales	•	-1.1%
	N'ands	Feb CPI*	0.6%	0.4%
	Nilanda	Feb CPI	1.9%	1.9%
	Mexico	Feb CPS"	2.54%	3.59%
Swatta	Sweden	Feb unemployment	7.7%	8.2%
	Swiand	Feb unemployment	4.5%	4.5%
During ti	he week			
	Germany	Dec trade balance	DMSbn	DM10.5br
	Germany	Dec current a/c	DM-2bn	DMO.7bs
	Germany	Jan finat M3 (Q4 94)		2.7%
	Germany	Jan final M3 (Q4 95)		N/A
	Gannany	Jan Ind Prod, W"	-0.5%	0%
	Germany	Jan mitecturing culput	-1%	0.7%

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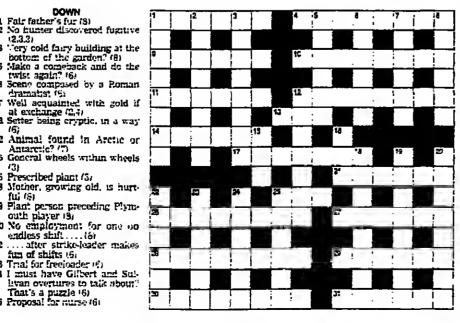
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JOTTER PAD



MONDAY PRIZE CROSSWORD

No.9.009 Set by CINCINNUS A prize of a Pelikan New Classic 380 foundaln pen for the first currect solution opened and five runner-up prizes of 535 Pelikan vouchers will be awarded. Solutions by Thursday March 14, marked Monday Crossword 3009 on the envelope, to the Financial Times, I Southwark Bridge, London SEI 9HL Solution on Monday March 19, Please allow 28 days for delivery of prizes. Name. Winners 8,997

C.J. Ould, Kesgrave, Suffolk Mrs S.A. Board, Wales, Nr Sheffield Mrs J. Campbell Jones, Har-penden, Herrs M. Honey, Prictol M. Honey, Bristol J.L.V. Summerhayes, Camberley, Surrey D. Yeo, Plymouth, Devon

